Kazakhstan Stock Exchange JSC

Separate Financial Statements

for 2022
and Independent Auditor's Report

TABLE OF CONTENTS

Statement of the management of responsibility for preparation and approval of the separate financial statements for the year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT

Separate Statement of Comprehensive Income ... 1
Separate Statement of Financial Position ... 2
Separate Statement of Changes in Equity ... 3
Separate Statement of Cash Flows ... 4

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Corporate Information ... 5
2. Basis of preparation of the financial statements ... 6
3. Significant Accounting Policies ... 8
4. Critical Assumptions and Estimates ... 20
5. Commission and fee incomes ... 21
6. Interest incomes ... 21
7. Operating expenses ... 22
8. Taxation ... 23
9. Earnings per share ... 24
10. Cash and cash equivalents ... 24
11. Amounts due from credit institutions and reverse REPO ... 24
12. Central counterparty financial assets and liabilities ... 25
13. Investment securities ... 25
14. Equity securities at fair value through other comprehensive income ... 25
15. Investments in associate ... 25
16. Property, plant and equipment ... 26
17. Intangible assets ... 27
18. Prepayments ... 27
19. Other assets and liabilities ... 28
20. Amounts due to clearing participants ... 28
21. Issued capital ... 29
22. Commitments and contingencies ... 30
23. Risk Management Policy ... 31
24. Fair value measurement ... 36
25. Financial instruments netting ... 39
26. Assets and liabilities maturity analysis ... 40
27. Related party disclosures ... 41
28. Events after the balance sheet date ... 42

Statement of the management of responsibility for preparation and approval of the separate financial statements for the year ended 31 December 2022

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 separate financial statements of Kazakhstan Stock Exchange JSC (hereinafter – the Company, the Stock Exchange).

The management of Kazakhstan Stock Exchange JSC (hereinafter – the Company, the Stock Exchange) shall be liable for preparation of the separate financial statements presenting fairly the Company's financial position at the close of business on 31 December 2022, and its financial performance, cash flows and changes in the equity for the year ended 31 December 2022, under International Financial Reporting Standards (IFRSs).

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

- selecting and applying an appropriate accounting policy;
- the 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 Company's financial position and financial performance; and
- assessing the Company's ability to continue as a going concern in the foreseeable future.

The Company's management shall be liable for:

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

The separate financial statements for the year ended 31 December 2022 have been approved for issue by the Company's management on 17 April 2023.

On behalf of the Management

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

17 April 2023

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"*.

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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 separate financial statements of Kazakhstan Stock Exchange JSC (the 'Company'), which comprise the statement of financial position as at 31 December 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its 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 report but does not include the financial statements and our audit report thereon. The annual report of the Company is expected to be made available to us after the date of this auditor's report. Our opinion on the separate financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon.

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

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

Товарищество с ограниченной ответственностью "BDO Qazaqstan", зарегистрированное в соответствии с законодательством Республики Казахстан, является участником международного объединения BDO International Limited, британского общества с ответственностью, ограниченной гарантией его участников, и является частью международной сети независимых компаний BDO.

BDO Qazaqstan, a limited liability partnership, registered under the laws of the Republic of Kazakhstan, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing information, as appropriate, relating to the ongoing concern, and for reporting on the basis of the ongoing concern assumption, unless management intends to liquidate the Company, cease its activities or when it has no other real alternative than liquidation or termination of activities.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statement, 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 the internal control system that is relevant for 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Auditor Raziya Taipova

Qualified Auditor of the Republic of Kazakhstan
Qualified Auditor's Certificate No. MF-0000497 issued by the Qualification Commission of the Chamber of Auditors for the attestation of Candidates to the Auditors of the Republic of Kazakhstan on 18 January 2000

BDO Qazaqstan LLP
State license No. 21012748 for audit issued on 19 February 2021 by the Committee for Financial Control of the Ministry of Finance of the Republic of Kazakhstan.

Ruslan Rakhimbayev
BDO Qazaqstan LLP Director

17 April 2023

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

(thousand Kazakhstan tenge)

	Notes	2022	2021
Fee incomes	5	5.682.437	4.188.017
Interest incomes	6	6.417.788	3.067.027
Credit loss expenses		(282.753)	(121.157)
Net profit /(loss) on foreign currency transactions		22.606	6.220
Dividend income		8.323	13.977
Other income		3.814	10.943
Income from investments accounted for in equity method		34.546	621
Operating incomes		11.886.761	7.165.648
Operating expenses	7	(3.938.533)	(2.865.416)
Profit before corporate income tax expenses		7.948.228	4.300.232
Corporate income tax expenses	8	(1.127.546)	(385.019)
Profit for the year		6.820.682	3.915.213
Other comprehensive income			
Other comprehensive income not subject to reclassification in profit or loss in subsequent periods			
Revalued property, plant and equipment less tax	16	101.698	-
Other comprehensive income for the year less taxes		101.698	-
Total comprehensive income for the year		6.922.380	3.915.213
Earnings per share			
Basic and diluted (tenge)	9	6.343,46	3.641,28

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

A.O. Aldambergen
Chairman of the Management Board

17 April 2023

Almaty, Kazakhstan

S.U. Akybbekova
Chief Accountant

Notes on pages 5-42 shall be an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2022

(thousand Kazakhstan tenge)

	Notes	*31 December 2022*	*31 December 2021*
Assets			
Cash and cash equivalents	10	267.828.608	64.426.157
Reverse REPO	11	35.551.435	4.214.269
Central counterparty financial assets	12	11.769.454.576	4.245.575.870
Investment securities	13	31.889.236	34.379.343
Equity securities at fair value through other comprehensive income	14	21.053	21.053
Investments in subsidiaries	1	164.057	12.852
Investments in associate	15	125.083	90.537
Current corporate income tax assets		117.314	78.295
Property, plant and equipment	16	1.738.661	1.407.315
Intangible assets	17	1.616.085	1.293.999
Prepayments	18	362.003	574.519
Other assets	19	815.098	461.090
Total assets		12.109.683.209	4.352.535.299
Liabilities			
Amounts due to clearing participants	20	312.809.343	86.830.269
Central counterparty financial liabilities	12	11.769.454.576	4.245.575.870
Deferred corporate income tax liabilities	8	345.302	191.506
Received advances		88.579	50.423
Other liabilities	19	371.320	195.522
Total liabilities		12.083.069.120	4.332.843.590
Equity			
Issued capital	21	4.189.030	4.189.030
Provision for revalued property, plant and equipment	21	183.658	90.986
Reserve fund	21	3.170.000	3.170.000
Retained earnings		19.071.401	12.241.693
Total equity		26.614.089	19.691.709
Total liabilities and equity		12.109.683.209	4.352.535.299

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

A.O. Aldambergen
Chairman of the Management Board

17 April 2023

Almaty, Kazakhstan

S.U. Akybbekova
Chief Accountant

Notes on pages 5-42 shall be an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

(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 2019		4.189.030	-	-	100.833	3.170.000	8.318.263	15.778.126
Profit for the year		–	–	–	–	–	3.915.213	3.915.213
Total comprehensive income for the year		–	–	-	-	–	3.915.213	3.915.213
Revaluation reserve depreciation	21	–	–	–	(9.847)	–	9.847	–
Decrease in reserve fund	21	–	–	–	–		**(1.630)**	(1.630)
31 December 2021		**4.189.030**	–	–	90.986	**3.170.000**	12.241.693	19.691.709
Profit for the year		–	–	–	–	–	**6.820.682**	**6.820.682**
Total comprehensive income for the year		–	–			–	**6.820.682**	**6.820.682**
Revaluation of property, plant and equipment					**101.698**			**101.698**
Revaluation reserve depreciation	21	–	–	–	**(9.026)**	–	**9.026**	–
31 December 2022		**4.189.030**	-	-	**183.658**	**3.170.000**	**19.071.401**	**26.614.089**

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

A.O. Aldambergen
Chairman of the Management Board

17 April 2023

Almaty, Kazakhstan

S.U. Akybbekova
Chief Accountant

Notes on pages 5-42 shall be an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

(thousand Kazakhstan tenge)

	Notes	*2022*	*2021*
Cash flows from operating activities			
Profit before corporate income tax expenses		7.948.228	4.300.232
Adjustments to reconcile profit before corporate income tax expenses and net cash flows:			
Credit loss expenses		282.753	121.157
Deferred income tax expense		131.307	59.733
Dividend income		(8.323)	(13.977)
Accrued interest incomes		(6.417.788)	(3.067.027)
Depreciation of property, plant and equipment and amortization of intangible assets	7	419.788	315.357
Income from interest in associate		(34.546)	(621)
Changes in operating assets and liabilities			
Net decrease / (increase) in operating assets			
Reverse REPO		31.337.166	4.214.269
Amounts due from credit institutions		-	1.296.476
Prepayments		212.516	87.377
Other assets		(393.025)	(200.616)
Net increase / (decrease) in operating liabilities			
Amounts due to clearing participants		190.422.317	17.555.900
Advances received		38.155	19.352
Other liabilities		175.800	109.777
Obtained interest		275.764	351.308
Paid corporate income tax		(1.033.083)	(380.074)
Net cash receipts / (payments) in operating activities		223.357.029	24.768.623
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	(376.189)	(174.621)
Acquisition of intangible assets	17	(214.539)	(426.697)
Capitalized costs in intangible assets	17	(82.880)	(53.073)
Investments in subsidiaries		(151.205)	-
Acquisition of investment securities less receipts from redemption of investment securities		(23.092.103)	(8.074.028)
Received dividend		8.323	13.977
Net cash outflows from investing activities		(23.908.594)	(8.714.442)
Effect of changes in foreign exchange rates on cash and cash equivalents		4.239.160	1.658.731
Effect of expected credit losses on cash and cash equivalents	10	(285.146)	(76.931)
Net changes in cash and cash equivalents		203.402.449	17.635.981
Cash and cash equivalents at the beginning of the year		64.426.159	46.790.176
Cash and cash equivalents at the end of the year	10	267.828.608	64.426.157

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

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief Accountant

17 April 2023

Almaty, Kazakhstan

Notes on pages 5-42 shall be an integral part of these separate 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 2020 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 2022 and 31 December 2021, the shareholders each of which holds ordinary shares in the Company comprising more than 5% of its total allocated shares are stated as follows:

Shareholders	*31 December 2022, %*	*31 December 2021, %*
RSE National Bank of the Republic of Kazakhstan	46,99	46,99
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 Company LLP		5,02
Roza Sharipbayevna Shuatayeva	5,02	
Others (individually holding less than 5%)	20,46	20,46
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 allocated shares, except where a shareholder is the RK NB.

During the years ended 31 December 2022 and 31 December 2021, the controlling party of the Company is the RK NB.

(thousand Kazakhstan tenge unless otherwise stated)

1. Corporate Information (continued)

The information about subsidiary as of 31 December 2022 and 31 December 2021 is given below:

			31 December 2022		*31 December 2021*	
Name	***Country of business***	***Type of activity***	***Interest/votes, %***	***Contribution to issued capital***	***Interest/votes, %***	***Contribution to issued capital***
KASE Clearing Centre JSC	Republic of Kazakhstan	Other auxiliary activities in the field of financial services other than insurance and pension provision	**100**	**164.057**	100	12.852
				164.057		12.852

On 21 June 2022, KASE Clearing Centre JSC (hereinafter referred to as KACC) was registered, which was established through the reorganization of eTrade.kz LLP in the form of transformation into a joint-stock company. On 19 October 2022, the state registration of the prospectus for the issue of KACC shares was effected. On 01 November 2022, the Company became the holder of 55 shares (100% of shares) of KACC.

The information about associate as of 31 December 2022 and 31 December 2021 is given below:

			31 December 2022		*31 December 2021*	
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 2022, the total profit of RTRS LLP amounted to 69.092 thousand tenge (2021: total profit of 1.242 thousand tenge). The carrying amount of investment in associate as of 31 December 2022 amounted to 125.083 thousand tenge (31 December 2021: 90.537 thousand tenge).

2. Basis of preparation of the financial statements

General Part

These separate financial statements have been prepared under International Financial Reporting Standards (IFRSs).

These separate 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 separate financial statements have been issued in addition to the consolidated financial statements of the Company and its subsidiary. The consolidated financial statements of the Company have been approved for issue by the Company's management on 17 April 2023. These separate financial statements are presented in a thousand Kazakhstan tenge (tenge), except earnings per share, unless otherwise stated. These separate financial statements have been prepared based on the assumption that the Company is a going concern and will continue as a going concern in the foreseeable future.

Effect of COVID-19 pandemics and other foreign economic factors

In 2022, the Covid-19 pandemic continued to offer significant challenges for supply chains globally. However, according to estimates of the Company's management, the Covid-19 Pandemic did not have a significant impact on its activities

In Kazakhstan, at the beginning of January 2022, the protests began 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 western Kazakhstan, but they spread subsequently to Almaty and other cities in the country. The protesters moved from economic demands to political ones, including the resignation of the Government. On January 4-5, protests in Almaty turned into riots, including burning the government buildings and looting, and the authorities lost control of the city. A state of emergency has been declared in Kazakhstan.

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

Effect of COVID-19 pandemics and other foreign economic factors (continued)

On 6 January, at the request of the President of Kazakhstan, the CSTO operation in Kazakhstan was announced, as a result of which, on 7 January, the authorities of Kazakhstan announced the restoration of order in the country. Under these conditions, the operations of the Company were organized in such a way as to provide participants with 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 loss of Internet connection, a switch was made to a backup communication channel with the 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 of Kazakhstan for regulation and development of financial market and the RK NB decided, by a joint order, 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 centre for interbank settlements.

On 6 January 2022, it was decided that it was necessary to postpone the date of settlement of liabilities/claims on all transactions in the stock and currency markets with the settlement date of 6 January 2022 to the next settlement date of 10 January 2022. On 9 January 2022, the RK NB 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 and other regions, the banking system would be restored on a stage-by-stage basis based on priority and social significance of banking services for the population and business.

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

On 24 February, the Russian President Vladimir Putin, in response to an appeal from the leaders of the Donbass republics, decided to conduct a special military operation. Russia's actions were condemned by a significant number of countries in the world community and international organizations. The military operation led to new international sanctions against Russia aimed, among other things, at partially isolating the country from the world economy and restricting Russia's participation in a number of sports and other international events. On a global scale, the aforementioned sanctions have led to a reduction in international trade and a sharp increase in food and energy prices.

The retaliatory sanctions of Western countries have strongly affected the stock markets in both the Russian Federation and the Republic of Kazakhstan. The value of the Stock Exchange index fell in February to the level of up to 3361.98 points (minus 5.28%). The tenge rate against the dollar fell by 6.6% during one trading session.

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

In connection with the imposition of sanctions against the Russian companies and their subsidiaries, the Stock Exchange decided to refuse to work with counterparties that were included in the sanctions lists and it became necessary to replace these counterparties. In particular, the Stock Exchange carried out work to replace an organization providing brokerage services for investing its own portfolio, the collateral portfolio of clearing participants and the portfolio of clearing funds in order to reduce credit and reputational risks. An agreement was concluded with Halyk Finance Subsidiary of Halyk Bank of Kazakhstan JSC, for the provision of brokerage services with the right to maintain customer accounts as a nominal holder, and the Stock Exchange also had a valid agreement for the provision of brokerage services with Halyk Global Markets JSC.

The Company's management believes that the events related to the imposition of sanctions will not affect the continuity of the Company's operations, however, anti-Russian sanctions may affect the Company's activities in the form of an increase in prices for purchased goods, works and services.

Estimate uncertainty

To the extent that information has been available as of 31 December 2022, the Company has reflected revised estimates of expected future cash flows when estimating ECLs, measuring the fair value of financial instruments.

Reclassification

In 2021, the Company 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 Company'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.

(thousand Kazakhstan tenge unless otherwise stated)

BDO KAZAKHSTAN Для отчётов

3. Significant Accounting Policies

Adoption of new IFRSs, IFRS interpretations and amendments to IFRSs

The accounting principles adopted in the preparation of these separate financial statements are consistent with those applied in the preparation of the separate financial statements of the Company for the year ended 31 December 2021, except for the principles established by new IFRS and IFRS interpretations effective from 01 January 2022. The Company has not early adopted any other IFRSs, amendments and interpretations to IFRSs that have been issued but are not yet effective.

The Company applied the following amendments to IFRS for the first time in 2022, which did not affect its separate financial statements.

Amendments to IFRS 3 – Reference to the Conceptual Framework

As a result of the amendments, references to the previous version of the Conceptual Framework of the IAS Board have been replaced with references to the current version of the Conceptual Framework, issued in March 2018, without making significant changes to the requirements contained in this document. As a result of the amendments, an exception was added to the recognition principle in IFRS 3 *Business Combination* to avoid the potential 'day 2' gains or losses for liabilities and contingent liabilities that would fall within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if they would arise as part of separate transactions. Under this exception, instead of applying the Conceptual Framework, entities must apply the criteria of IAS 37 or IFRIC 21 to determine whether an obligation exists at the acquisition date. As a result of the amendments, a new paragraph has also been added to the text of IFRS 3, which clarifies that, at the date of acquisition, recognition of a contingent asset is not allowed.

These amendments had no impact on the Company's separate financial statements as no contingent assets, liabilities and contingent liabilities subject to these amendments arose during the period under review.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract, practical illustration of construction contract accounting

Under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendment determines the costs an entity shall include when estimating an unprofitable contract. Thus, direct costs of fulfilling a contract include:

1) the incremental costs of fulfilling that contract (for example, direct costs of labour and materials); and

2) an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract).

Since some entities previously included only incremental costs in costs of fulfilling a contract, the amendment would allow recognizing a large amount of provision for onerous contracts.

An entity shall apply these amendments to contracts for which it has not yet fulfilled all of its obligations at the start of the annual reporting period in which it first applies the amendments (the date of initial adoption). An entity cannot restate comparative information. Instead, an entity shall recognize the cumulative effect of the initial adoption of these amendments as an adjustment to opening balance of retained earnings or, if applicable, another component of equity at the date of initial adoption.

These amendments did not have any impact on the Company's separate financial statements.

Amendments to IFRS 9 – Financial Instruments

The amendment to IFRS 9 specifies which payments must be included in the '10% test' to derecognise the financial liabilities.

The amendment clarifies the fees that an entity accounts for when assessing whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. Such amounts include only those fees paid or received between a particular lender and a borrower, including fees paid or received by a lender or borrower on behalf of the other party.

This amendment did not have any impact on the separate financial statements of the Company.

3. Significant Accounting Policies

Adoption of new IFRSs, IFRS interpretations and amendments to IFRSs (continued)

Amendments to IAS 16 – Property, Plant and Equipment

Under IAS 16, the cost of an asset includes any costs for its delivery and preparation for operation, including the costs of verifying the proper functioning of the asset.

The amendments prohibit the deduction from the original cost of property, plant and equipment of amounts received from the sale of products produced while the asset was being prepared for its intended use. Instead, such proceeds from sales and related costs are recognized in profit or loss. To measure the value of such assets, an entity must apply IAS 2 *Inventories*, excluding depreciation, because the asset is not yet ready for its intended use.

The amendments did not have an impact on the Company's financial statements as there were no sales of items produced by such items of property, plant and equipment that became available for use on or after the start date of the earliest period presented in the separate financial statements.

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

The amendments to IFRS 7, IFRS 9, IAS 39 *Financial Instruments: Recognition and Measurement* provide for a number of exemptions that apply to all hedging relationships that are directly affected by the interest rate benchmark reform. The interest rate benchmark reform affects hedging relationships if it results in uncertainties about the timing and/or amount of cash flows based on base interest rate on the hedged item or hedging instrument.

These amendments did not have any impact on the separate financial statements of the Company.

Amendments to IFRS 1 – First-Time Adoption of International Financial Reporting Standards

The amendment to IFRS 1 concerns subsidiaries that are applying IFRSs for the first time. A subsidiary will be allowed to apply the exemption if it started applying IFRSs later than the parent. The entities that apply this exemption will be able to measure accumulated exchange differences by showing the amounts recognized by the parent entity and accumulated since the date of its transition to IFRSs. The amendment also applies to associates and joint ventures that enjoy the same exemption under IFRS 1. Under the amendment, a subsidiary that elects to apply paragraph D16(a) of IFRS 1 may measure accumulated foreign exchange differences using the amounts recognized in the separate financial statements of the parent based on the parent's date of transition to IFRSs, if no adjustments have been made to consolidate and reflect the results of the business combination in which the parent acquired the specified subsidiary.

Amendment to IAS 41 – Agriculture

This amendment eliminates the requirement in paragraph 22 of IAS 41 that entities do not include tax-related cash flows when measuring the fair value of assets that fall within the scope of IAS 41.

This amendment did not have an impact on the Company's separate financial statements, since the Company had no assets within the scope of IAS 41 at the reporting date.

The following applies for the annual reporting periods beginning on or after 1 January 2023.

Amendment to IFRS 17 – Insurance Contracts

The amendment to IFRS 17 *Insurance Contracts* are published in December 2021 and effective for the reporting periods beginning on or after 1 January 2023.

This standard replaces IFRS 4 *Insurance Contracts*, which currently allows for a wide range of accounting practices for insurance contracts. IFRS 17 *Insurance Contracts* will fundamentally change the way in which insurance companies and groups operating in the insurance business treat insurance and investment contracts with discretionary participation features.

The requirements of IFRS 17 include elements of the European Solvency II standard offering a conceptually new approach to assessing solvency, taking into account the individual risks inherent in a particular insurance company.

In 2023, the statements under IFRS 17 will be presented in parallel with IFRS 4.

To exclude manipulation and the impact of unreasonable changes in insurance liabilities on the prudential standards of insurance organizations, regulatory statements remain unchanged.

3. Significant Accounting Policies (continued)

Adoption of new IFRSs, IFRS interpretations and amendments to IFRSs (continued)

Amendment to IAS 8 – Definition of Accounting Estimates (illustrations of changes in accounting policies and accounting estimates)

The IAS Board amends IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty".

The accounting policies may require items in the financial statements to be measured in a manner that involves estimation uncertainty. That is, the accounting policies may require measuring such items in monetary amounts that cannot be directly observable but must be measured.

In this case, the entity makes an accounting estimate to achieve the goal set in the accounting policy. Making accounting estimates involves the use of judgments or assumptions based on the latest reliable information available.

Amendment to IAS 12 – Income Tax - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Amendments to IAS 12 *Income Tax* published in May 2021 and effective for the reporting periods beginning on or after 1 January 2023.

The Board introduced these Amendments to reduce discrepancies in how entities account for deferred tax on transactions and events, such as leases and decommissioning liabilities, that result in initial recognition of both assets and liabilities.

The amendments narrow the scope of the exceptions to initial recognition under IAS 12 so that the exception no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that the deduction for tax purposes of payments to settle liabilities is a matter of judgment (in accordance with applicable tax laws) as to whether such deductions are consistent with tax purposes for liabilities recognized in the financial statements (and interest expense) or related asset (and interest expense).

This judgment is important in determining whether any temporary differences exist at the initial recognition of an asset and liability.

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement No. 2 *Making Materiality Judgements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* published in February 2021 and effective for the reporting periods beginning on or after 1 January 2023.

The amendments are intended to improve disclosures about accounting policies and to assist users of financial statements in distinguishing between changes in accounting estimates and changes in accounting policies.

Fair value measurement

The Company 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 Company 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.

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3. Significant Accounting Policies (continued)

Fair value measurement (continued)

The Company 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 separate 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 separate financial statements from time to time, the Company 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.

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 Company 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 Company 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 Company classifies and measures its derivative and trading portfolio at FVPL. The Company 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.

3. Significant Accounting Policies (continued)

Financial assets and liabilities (continued)

Amounts due from credit institutions, investment securities at amortized cost

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

The Company'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 Company's business model assessment.

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company 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.

Solely payment of principal and interest test (SPPI test)

As the second step of its classification process, the Company 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 Company 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 negligible 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 Company 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 Company 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.

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3. Significant Accounting Policies (continued)

Financial assets and liabilities (continued)

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company changes the business model for managing financial assets. Financial liabilities are never reclassified. In 2022, the Company 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 RK NB 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 REPO 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 REPO 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 separate statement of financial position. Securities borrowed are not recorded in the separate statement of financial position, unless these are sold to third parties. In this case the purchase and sale transaction is recorded in the separate 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 Company 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 separate 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

Company as a lessee

The Company 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 2022, and 31 December 2021, there were short-term leases or leases of low-value assets. The Company did not recognize liabilities on lease and right-of-use assets.

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

The Company 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 Company 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.

3. Significant Accounting Policies (continued)

Financial assets and liabilities (continued)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the separate 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 separate statement of financial position.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a company 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 Company 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 Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar instrument) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar instrument) on an asset measured at fair value. In this case, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Write-off

Financial assets are written off either partially or in their entirety only when the Company 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.

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.

3. Significant Accounting Policies (continued)

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 Company 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 at original cost, buildings, land and 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.

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.

3. Significant Accounting Policies (continued)

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 2022
In-company developed software	3-9
Other software and licenses	5-8
Other	1-5

If the Company 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 Company 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.

Assets classified as held for sale

The Company classifies a non-current asset (or a disposal company) 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 company) 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 Company's management is committed to a plan to sell the non-current asset (or a disposal company). An active program to locate a buyer and complete the plan must have been initiated. Further, the non-current asset (or company 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 company of disposal) as held for sale.

Investments in subsidiaries

Subsidiary means an entity, including an unincorporated entity such as a partnership, that is controlled by the Company. Investments in subsidiaries are accounted for in the separate financial statements at initial cost less any impairment loss.

Investments in associates

An associate is an entity on whose operations the Company 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 Company. Receipts from an investee as a result of income distribution reduce the carrying amount of investments.

3. Significant Accounting Policies (continued)

Amounts due to clearing participants

The most of the amounts due to 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 – "Rules for carrying out clearing activities for financial instrument transactions" – each clearing participant must maintain a certain level of collateral and security deposit on the Stock Exchange's correspondent account. Also, 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.

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 separate 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 Company's internal documents.

3. Significant Accounting Policies (continued)

Estimated liabilities

The estimated liabilities are recognised when the Company 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 the amount of the obligation can be estimated reliably.

Retirement and other employee benefit obligations liabilities

The Company 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 Company 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 financial statements are authorised for issue.

Contingent assets and liabilities

Contingent liabilities are recognised in the separate 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 separate statement of financial position but disclosed in the forms of the annual separate 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 Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar revenue and expense

The Company 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 Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Fee and commission income

The Company 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 Company'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.

Dividend income

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

Foreign currency translation

The separate financial statements are presented in the Kazakhstan Tenge, which is the Company'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 separate 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 2022 and 2021, the official exchange rates were as follows:

	31 December 2022	*31 December 2021*
KZT/USD	462,62	431,8
KZT/EUR	492,86	489,1
KZT/RUR	6,43	5,76
KZT/GBP	556,57	583,32

(thousand Kazakhstan tenge unless otherwise stated)

4. Critical Assumptions and Estimates

Estimate uncertainty

While applying the Company's accounting policies, management has used its judgment and made estimates in determining the amounts recognized in the separate 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 separate 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 Company forms allowances (provisions) for expected credit losses on financial assets and receivables. The amount of such losses is determined by the Company based on the credit losses 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 Company 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 Company 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.

In 2022, the Company 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 (Note 16). Based on the results of the analysis of external and internal indicators as of 31 December 2022, the Company did not find any indications of impairment of property, plant and equipment and intangible assets.

Litigations

Under IFRSs, the Company 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 separate financial statements. The emergence of any liabilities not currently recognized or disclosed in the separate financial statements could have a significant impact on the financial position of the Company. The application of this accounting principle to litigation requires the management of the Company to make decisions on various matters of fact and law that are beyond management's control. The Company 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 separate 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 separate financial statements but prior to their publication), opinions or views of legal advisers, previous experience of similar proceedings and any decisions of the Company'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:

	2022	*2021*
Commission fees	**2.094.270**	1.524.037
Listing fees	**785.374**	837.673
Clearing fees	**2.115.913**	1.168.984
Membership fees	**309.976**	339.685
Incomes from providing information services	**218.873**	208.022
Incomes from providing remote access services	**158.031**	109.616
Proceeds from service provision	**5.682.437**	4.188.017

Revenue from contracts with customers

The Company's revenue from contracts with customers is primarily represented by revenue from the provision of services. Revenue from contracts with customers recognized in the separate statement of comprehensive income for the years ended 31 December 2022 and 31 December 2021 amounted to:

	2022	*2021*
Fee and commission income	**5.305.533**	3.870.379
Other revenue from contracts with customers	**376.904**	317.638
Total revenue from contracts with customers	**5.682.437**	4.188.017

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

	2022	*2021*
Contractual assets (as part of other assets)	**684.864**	414.613
Contractual liabilities (as part of received advances)	**88.578**	50.423

The Company 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 Company will generally charge monthly, quarterly or annually collect in advance the amounts in respect of an appropriate portion of the overall contract term.

The Company 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

	2022	*2021*
Financial assets at amortized cost		
Investment securities	**3.103.289**	2.706.523
Reverse REPO	**2.656.353**	275.757
Amounts due from credit institutions		64.675
Cash equivalents	**658.146**	20.072
Total interest income on financial assets	**6.417.788**	3.067.027

(thousand Kazakhstan tenge unless otherwise stated)

7. Operating expenses

	2022	*2021*
Expenses for personnel	**2.268.879**	1.720.396
Deterioration and depreciation *(Notes 16, 17)*	**419.788**	315.357
Social tax	**152.117**	161.014
Taxes other than income tax	**238.376**	139.718
Technical maintenance of property, plant and equipment and intangible assets	**230.373**	149.290
Bank services	**31.564**	7.328
Communication and SWIFT services	**48.057**	36.362
Information services	**38.669**	17.670
Business development expenses	**117.175**	49.757
Membership fees	**23.104**	20.698
Professional services	**164.572**	45.699
Operating lease	**36.146**	24.175
Personnel training	**23.422**	27.836
Travelling expenses	**47.184**	13.091
Insurance indemnities	**1.169**	11.347
Expenses for mailing and courier services	**1.105**	1.846
Other expenses	**96.833**	123.832
Total operating expenses	**3.938.533**	2.865.416

(thousand Kazakhstan tenge unless otherwise stated)

8. Taxation

Corporate income tax expense includes the following items:

	2022	2021
Assessed corporate income tax – current part	**999.668**	300.597
Adjustment to corporate income tax of prior years	**(3.429)**	24.689
Assessed deferred tax – origination and reduction of temporary differences	**153.796**	59.733
Minus deferred tax recognized in other comprehensive income (property, plant and equipment revaluation)	**(22.489)**	–
Corporate income tax expense	**1.127.546**	385.019

The Company's income is taxed only in the Republic of Kazakhstan. In accordance with tax laws, the applicable corporate income tax rate in 2022 and 2021 is 20%.

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

	2022	2021
Profit before corporate income tax expenses	**7.948.228**	4.300.232
Statutory tax rate	20%	20%
Tax at statutory rate	**1.589.646**	860.046
Adjustment to corporate income tax of prior years	**(3.429)**	24.689
Non-taxable income		
Non-taxable interest income on government and other securities	**(548.244)**	(541.305)
Other non-taxable income	**(1.665)**	(2.795)
Non-deductible expenses:		
Expenses on credit loss	**56.555**	24.232
Membership fees	**97**	3.681
General and administrative expenses	**19.506**	6.683
Other	**15.080**	9.788
Corporate income tax expense	**1.127.546**	385.019

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 2020	*In profit or loss*	*In other comprehensive income*	*31 December 2021*	*In profit or loss*	*In other comprehensive income*	*31 December 2022*
Tax effect of deductible temporary differences							
Accruals for unused leaves	**12.690**	1.533	–	**14.223**	555	–	**14.778**
Other	**–**		–	**–**	(6.909)	–	**(6.909)**
Deferred tax asset	**12.690**	1.533	–	**14.223**	(6.354)	–	**7.869**
Tax effect of taxable temporary differences							
Property, plant and equipment and intangible assets	**(144.463)**	(61.266)	-	**(205.729)**	(124.953)	(22.489)	**(353.171)**
Deferred tax liability	**(144.463)**	(61.266)	-	**(205.729)**	(124.953)	(22.489)	**(353.171)**
Total deferred corporate income tax liabilities, net	**(131.773)**	(59.733)	-	**(191.506)**	(131.307)	(22.489)	**(345.302)**

(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:

	2022	*2021*
Net earnings for the year attributed to the Company shareholders	**6.820.682**	3.915.213
Weighted average number of ordinary shares to determine basic earnings per share	**1.075.231**	1.075.231
Basic and diluted earnings per share (tenge)	**6.343,46**	3.641,28

10. Cash and cash equivalents

Cash and cash equivalents include the following items:

	31 December 2022	*31 December 2021*
Cash on hand	**–**	–
Correspondent accounts at credit institutions	**226.036.197**	53.043.475
Correspondent account at RK NB	**42.177.783**	11.482.909
Minus allowance for ECLs	**(385.372)**	(100.227)
Cash and cash equivalents	**267.828.608**	64.426.157

Correspondent accounts at banks include the following items:

	31 December 2022	*31 December 2021*
The Bank of New York Mellon	**159.032.252**	28.671.599
Central Securities Depository JSC	**59.609.332**	22.668.612
Citibank N.A.	**4.098.555**	883.739
Altyn Bank JSC	**68.705**	349.499
JPMorgan Chase Bank, N.A.	**1.431.129**	462.028
Other credit institutions	**1.796.224**	7.998
	226.036.197	53.043.475
Minus allowance for ECLs	**(385.372)**	(100.227)
Correspondent accounts at credit institutions	**225.650.825**	52.943.248

Cash and cash equivalent balances do not indicate a significant increase in credit risk or impairment as of 31 December 2022 and 31 December 2021. An analysis of changes in ECL allowances for the year is shown below:

	2022	*2021*
Allowance for ECLs as of 1 January	**(100.227)**	(23.296)
Net change in allowance	**(285.145)**	(76.931)
As of 31 December	**(385.372)**	(100.227)

11. Amounts due from credit institutions and reverse REPO

In 2022, the Company's amounts due from credit institutions were not placed.

Reverse REPO is presented as follows:

	31 December 2022	*31 December 2021*
Tenge	**35.551.435**	**2.055.614**
US dollar	**-**	**2.158.655**
Total reverse REPO	**35.551.435**	**4.214.269**

(thousand Kazakhstan tenge unless otherwise stated)

12. Central counterparty financial assets and liabilities

	31 December 2022	*31 December 2021*
REPO and reverse REPO	**11.424.940.071**	4.245.488.596
Foreign exchange transactions	**344.514.505**	87.274
Total central counterparty financial assets and liabilities	**11.769.454.576**	4.245.575.870

The central counterparty financial assets represent receivables from foreign exchange and REPO transactions, the central counterparty financial liabilities represent accounts payable under relevant transactions that the Company 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 2022	*31 December 2021*
Debt securities at amortized cost		
Notes of the National Bank of the Republic of Kazakhstan	**12.056.569**	33.420.303
Bonds of the Ministry of Finance of the Republic of Kazakhstan	**19.647.548**	1.000.479
Corporate notes	**–**	–
Bonds of international organizations	**232.441**	
Minus allowance for ECLs	**(47.322)**	(41.439)
Investment securities	**31.889.236**	34.379.343

14. Equity securities at fair value through other comprehensive income

Equity securities at FVOCI include the following items:

	31 December 2022		*31 December 2021*	
	Interest, %	*Amount*	*Interest, %*	*Amount*
Central Securities depository JSC	**29,28**	**18.800**	29,28	18.800
Kyrgyz Stock Exchange CJSC	**9,07**	**2.253**	7,05	2.253
Equity securities at FVOCI	**–**	**21.053**	–	21.053

The Company 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 RK NB, whose interest is 63.24%. The Company's management believes that the Company does not have a significant impact on the activities of Central Securities Depository JSC.

15. Investments in associate

As of 31 December 2022 and 2021, investments in associate are reported as follows:

	31 December 2022		*31 December 2021*	
	Interest, %	*Amount*	*Interest, %*	*Amount*
RTRS LLP	**50**	**125.083**	50	90.537

Details are given in Note 2.

(thousand Kazakhstan tenge unless otherwise stated)

16. Property, plant and equipment

	Building	*Land*	*Machinery and equipment*	*Transport vehicles*	*Other*	*Total*
Revalued amount						
31 December 2020	934.333	77.270	601.714	57.472	142.828	1.813.617
Receipts	–	–	169.292	1.454	3.875	174.621
Disposal			(12.978)		–	(12.978)
31 December 2021	934.333	77.270	758.028	58.926	146.703	1.975.260
Receipts	–	–	332.286	–	40.402	372.688
Disposal	–	–		–	(1.971)	(1.971)
Revaluation effect	11.705	11.741		12.307		35.753
Transfers			390		(390)	
31 December 2022	946.038	89.011	1.090.704	71.233	184.744	2.381.730
Accumulated depreciation						
31 December 2020		–	(356.074)		(112.127)	(468.201)
Charged depreciation	(26.074)	–	(59.061)	(17.778)	(9.809)	(112.722)
Disposal		–	12.978		–	12.978
31 December 2021	(26.074)	–	(402.157)	(17.778)	(121.936)	(567.945)
Disposal					12.494	12.494
Charged depreciation	(26 074)	–	(120.246)	(18.506)	(11.224)	(176.050)
Revaluation effect	52.148			36.284		88.432
31 December 2022	-	–	(522.403)	-	(120.666)	(643.069)
Net carrying amount						
As of 31 December 2020	934.333	77.270	245.640	57.472	30.701	1.345.416
As of 31 December 2021	908.259	77.270	355.871	41.148	24.767	1.407.315
As of 31 December 2022	946.038	89.011	568.301	71.233	64.078	1.738.661

The Company 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 Company. Fair value is determined based on the value of similar properties offered in the market, as well as using the discounted cash flow method. The revaluation date is 11 November 2022. 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 2022			*31 December 2021*		
	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	–	(155.615)	(48.500)	–	(130.035)	(39.286)
Net carrying amount	1.628	867.608	12.924	1.628	893.188	22.138

As of 31 December 2022, the initial cost of fully depreciated property, plant and equipment amounted to 359.057 thousand tenge (31 December 2021: 283.974 thousand tenge).

(thousand Kazakhstan tenge unless otherwise stated)

17. Intangible assets

Movements of intangible asset items are presented below:

	In-company developed software	*Other software and licenses*	*Other*	*Construction in process*	*Total*
Initial cost					
31 December 2020	**214.457**	**1.098.476**	**6.583**	–	**1.319.516**
Receipts	–	397.878	–	28.819	426.697
Salary and other costs capitalization	53.073	–	–	–	53.073
Write-down		13.056		(13.056)	–
31 December 2021	267.530	1.509.410	6.583	15.763	1.799.286
Receipts	–	460.445	26.782	8.207	**495.434**
Salary and other costs capitalization	**82.879**	–	–	–	**82.879**
Transfers	–	15.324	2.778	(18.102)	
31 December 2022	**350.409**	**1.985.179**	**36.143**	**5.868**	**2.377.599**
Accumulated amortization					
31 December 2020	(125.570)	(170.499)	(6.583)	–	(302.652)
Charged amortization	(47.937)	(154.698)		–	(202.635)
Write-down					
31 December 2021	**(173.507)**	**(325.197)**	**(6.583)**	**–**	**(505.287)**
Charged amortization	(42.787)	(211.482)	**(1.958)**	**–**	**(256.227)**
31 December 2022	**(216.294)**	**(536.679)**	**(8.541)**	**–**	**(761.514)**
Net carrying amount					
As of 31 December 2020	**88.887**	**927.977**	**–**	**–**	**1.016.864**
As of 31 December 2021	**94.023**	**1.184.213**	**–**	**15.763**	**1.293.999**
As of 31 December 2022	**134.115**	**1.448.500**	**27.602**	**5.868**	**1.616.085**

As of 31 December 2022, the initial cost of fully amortized intangible assets amounted to 315.815 thousand tenge (31 December 2021: 90.160 thousand tenge).

18. Prepayments

As of 31 December 2022, prepayments amounted to 362.003 thousand, including prepayment to Moscow Stock Exchange MICEX-RTS PJSC (hereinafter – MOEX) in the amount of 357.112 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 2022	*31 December 2021*
Other financial assets		
Commission fees receivable	**271.018**	162.063
Income on clearing transaction services	**279.396**	185.714
Income from information services receivable	**75.936**	62.659
Listing fees receivable	**50.110**	17.800
Membership fees receivable	**5.926**	6.414
Incomes on remote access services receivable	**13.442**	1.429
Penalties and fines receivable	**768**	175
Total other financial assets	**696.596**	436.254
Minus allowance for ECLs	**(11.734)**	(21.641)
Total other financial assets	**684.862**	414.613
Other non-financial assets		
Taxes other than corporate income tax	**89.280**	21.212
Deferrals	**16.391**	11.574
Inventories	**20.624**	13.650
Prepaid leaves	**3.910**	5
Other	**31**	36
Total other non-financial assets	**130.236**	46.477
Total other assets	**815.098**	461.090

The other liabilities include the following items:

	31 December 2022	*31 December 2021*
Other financial liabilities		
Payables	**129.232**	25.025
Dividends payable	**2.203**	2.203
Total other financial liabilities	**131.435**	27.228
Other non-financial liabilities		
Accrued unused leaves	**72.258**	71.113
Current income tax liabilities	**14.486**	-
Taxes other than corporate income tax	**128.705**	86.192
Other	**24.436**	10.989
Total other non-financial liabilities	**239.885**	168.294
Total other assets	**371.320**	195.522

20. Amounts due to clearing participants

As of 31 December 2022 and 31 December 2021, 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 2022	*31 December 2021*
Collaterals for foreign exchange and stock markets	**308.443.419**	85.698.345
Security deposits for foreign exchange market	**629.000**	652.000
Security deposits for stock market	**620.000**	366.000
Security deposits for derivatives market	**48.000**	46.000
Collateral for derivatives market	**3.068.924**	67.924
Total amounts due to clearing participants	**312.809.343**	86.830.269

(thousand Kazakhstan tenge unless otherwise stated)

20. Amounts due to clearing participants (continued)

The amounts were placed by the following clearing participants:

	31 December 2022	31 December 2021
Kazakhstan second-tier banks	238.476.019	67.020.412
Other financial institutions	61.186.074	19.272.597
International bank settlement and credit institution	13.147.250	537.260
Total amounts due to clearing participants	**312.809.343**	**86.830.269**

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
1 January 2021	1.075.231	–	1.075.231	4.189.030	–
31 December 2021	1.075.231	–	1.075.231	4.189.030	–
31 December 2022	**1.075.231**	–	**1.075.231**	**4.189.030**	–

As of 31 December 2022, there are 5.000.000 authorized ordinary shares in total (31 December 2021: 5.000.000), 1.075.231 authorized shares were allocated and fully paid.

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 minimize the operating risks of a clearing organization (central counterparty). At the meeting of the Board of Directors of the Company dated 30 April 2021, it was decided to increase the reserve fund by 1.420.000 thousand tenge. At the meeting of the Board of Directors of the Company dated 24 December 2021 (minutes of the meeting No. 71), the assessment of the adequacy of clearing guarantee and reserve funds for 2022 was considered. According to the results of the assessment of the adequacy of clearing funds for 2022, it was established that there is no need to replenish the clearing reserve funds of the stock and foreign exchange markets, as well as the derivatives market. Considering the premises, based on the results of this assessment, the Board of Directors decided to maintain the amount of reserve funds in the exchange markets served by the Company for 2022.

(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		100.833	3.170.000
Net change of fair value of debt instruments at FVOCI			
Depreciation of revaluation reserve, less taxes		(9.847)	–
As of 31 December 2021	-	90.986	3.170.000
Depreciation of revaluation reserve, less taxes	–	(9.026)	–
Increase in reserve fund	–	101.698	
As of 31 December 2022	–	183.658	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 Company. The management of the Company believes that it is taking appropriate measures to maintain the economic sustainability of the Company in the current environment.

Taxation

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

The Kazakhstan 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 Kazakhstan taxation authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these separate 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 Company's management believes that its interpretations of the relevant legislation are appropriate and the Company's tax position is reasonable.

Litigations

In the normal course of business, the Company 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 Company.

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk Management Policy

Introduction

The risk management is an integral part of the Stock Exchange's activities. The basic risks inherent in the Stock Exchange's activities are:

- credit risk;
- liquidity risk;
- market risk;
- foreign exchange risk; and
- operating risk.

The Stock Exchange recognizes the significance of the existence of the effective and efficient risk management process. To ensure efficient and effective risk management policy, the Stock Exchange determined the basic risk management principles with the basic goal to protect the Stock Exchange 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 Stock Exchange are regulated by respective internal documents of the Stock Exchange.

Description of basic risks of the Stock Exchange 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.

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 Company 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 Company actively uses collateral to mitigate its credit risk.

23. Risk Management Policy (continued)

Introduction (continued)

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 Company's performance to changes in conditions that affect a particular industry or geographic region.

To avoid excessive concentrations of risk, the Company'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 Company will incur losses because its customers or counterparties fail to meet their contractual obligations. The Company manages credit risk by setting limits on the amount of risk the Bank 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 separate statement of financial position.

23. Risk Management Policy (continued)

Credit risk (continued)

Impairment

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

The Company 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- A- BBB+	High rating	0-2%
BBB BBB- BB+ BB- to BB B- to B+	Standard rating	2-14%
CCC CCC-	Below standard rating	14-100%
D	Impaired	100%

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk Management Policy (continued)

Credit risk (continued)

Maximal credit risk exposure

The carrying amounts of items in the separate 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 Stock Exchange's financial assets by credit ratings.

	AA	*AA-/A+*	*BBB*	*BBB-*	*<BBB-*	*Credit rating not assigned*	*Total*
31 December 2022							
Cash and cash equivalents other than cash on hand	**158.912.580**	**5.526.216**		**103.389.812**			**267.828.608**
Reverse REPO	–	–	–	**35.551.435**	–	–	**35.551.435**
Investment securities	–	–	–	**31.889.236**	–	–	**31.889.236**
Other financial assets	–	–	–	–	–	**684.862**	**684.862**
Total	**158.912.580**	**5.526.216**		**170.830.483**		**684.862**	**335.954.141**
31 December 2021							
Cash and cash equivalents other than cash on hand	28.646.329	1.344.774	1.278	34.077.051	356.489	36	64.426.157
Reverse REPO	–	–	–	4.214.269	–	–	4.214.269
Investment securities	–	–	–	34.379.343	–	–	34.379.343
Other financial assets	–	–	–	–	–	414.613	414.613
Total	28.646.529	1.344.774	1.278	72.670.663	356.489	414.649	103.434.382

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressed circumstances. To limit this risk, the management has set out the requirements for minimum cash on respective accounts of the Stock Exchange. Management also controls assets with liquidity in mind and monitors current and future cash flows. This incorporates an assessment of expected cash flows and the availability of high liquid collateral which could be used to secure liquidity if required.

Liquidity risk management

As part of liquidity risk management, when performing the functions of a central counterparty, the Stock Exchange 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 Stock Exchange were placed into short-term financial instruments in accordance with the limits set by the Asset Investment Policy (hereinafter – the Investment Policy). The Investment Policy also provides for the diversification of investees that form the investment portfolio in order to exclude the risks of losses arising from the concentration of financial assets with the same maturity in the Stock Exchange's investment portfolio.

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 Stock Exchange's investment portfolio.

According to the Stock Exchange's policy, a part of the amounts due to trading participants are allocated to highly liquid financial instruments, and a part is kept on correspondent 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.

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk Management Policy (continued)

Liquidity risk (continued)

Liquidity risk management (continued)

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

31 December 2022	*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	**312.809.343**	**–**	**–**	**–**	**–**	**–**	**312.809.343**
Other financial liabilities	**129.232**	**–**	**2.203**	**–**	**–**	**–**	**131.435**
Total financial liabilities	**312.938.575**	**–**	**2.203**	**–**	**–**	**–**	**312.940.778**

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	25.025	–	2.203	–	–	–	27.228
Total financial liabilities	86.855.294	–	2.203	–	–	–	86.857.497

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 Stock Exchange 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 Stock Exchange are exposed to the effect of fluctuations of the foreign exchange rates.

The following table shows the currencies in which the Stock Exchange 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 separate 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 separate statement of comprehensive income. Negative amounts in the table reflect a potential net decrease in the separate statement of comprehensive income or equity, while positive amounts reflect a potential net increase.

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk Management Policy (continued)

Foreign exchange risk (continued)

	2022		2021	
Currency	*Change of exchange rate, %*	*Effect on pre-tax income*	*Change of exchange rate, %*	*Effect on pre-tax income*
US dollar	**14%**	**76.609**	14%	50.906
	(-11%)	**(60.193)**	(-11%)	(39.998)
Euro	**14%**	**306**	14%	(-10)
	(-11%)	**(-283)**	(-11%)	7

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 Stock Exchange 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 Stock Exchange to continue as a going concern, business continuity and recovery policies and procedures have been developed.

24. Fair value measurement

Fair value hierarchy

The Company 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.

(thousand Kazakhstan tenge unless otherwise stated)

24. Fair value measurement (continued)

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

31 December 2022	*Measurement date*	*Fair value measurement using inputs* 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 2022	–	–	21.053	21.053	21.053	–
Property, plant and equipment – land, building, transport vehicles	31 December 2022	–	–	1.106.282	1.106.282	1.106.282	–
Assets with disclosed fair value							
Cash and cash equivalents	31 December 2022	42.177.783	225.650.825	–	267.828.608	267.828.608	–
Investment securities	31 December 2022	31.889.236	–	–	31.889.236	31.916.099	26.863
Reverse REPO	31 December 2022	–	35.551.435	–	35.551.435	35.551.435	–
Other financial assets	31 December 2022	–	–	815.098	815.098	815.098	–
Liabilities with disclosed fair value							
Amounts due to clearing participants	31 December 2022	–	312.809.343	–	312.809.343	312.809.343	–
Other financial liabilities	31 December 2022	–	–	371.320	371.320	371.320	–

31 December 2021	*Measurement date*	*Fair value measurement using inputs* 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 2021	–	–	1.026.677	1.026.677	1.026.677	–
Assets with disclosed fair value							
Cash and cash equivalents	31 December 2021	11.482.909	52.943.248	–	52.943.248	52.943.248	–
Amounts due from credit institutions	31 December 2021	–	–	–	–	–	–
Investment securities	31 December 2021	34.379.343	–	–	34.379.343	34.430.667	51.324
Reverse REPO	31 December 2021	–	4.214.269	–	4.214.269	4.214.269	–
Other financial assets	31 December 2021	–	–	461.090	461.090	461.090	–
Liabilities with 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	–	–	195.522	195.522	195.522	–

24. Fair value measurement (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 separate 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 Company's buildings categorized in Level 3 of the fair value hierarchy to changes in non-observable inputs as of 31 December 2022:

Non-observable inputs	*Value*	*Change of non-observable inputs*	*Effect on fair value*
Discount rate	26.22%	+1%	**(52.219)**
		-1%	**59.312**

(thousand Kazakhstan tenge unless otherwise stated)

25. Financial instruments netting

The tables below show financial assets offset against financial liabilities in the separate 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 separate statement of financial position

			Related amounts with setoff not stated in the separate statement of financial position		
As of 31 December 2022	*Net financial assets stated in the separate statement of financial position*	*Net financial liabilities stated in the separate statement of financial position*	*Financial instruments*	*Received monetary collateral*	*Net amount*
Financial assets					
Central counterparty financial assets	11.769.454.576	–	(11.769.454.576)	–	–
Total	11.769.454.576	–	(11.769.454.576)	–	–
Financial liabilities					
Central counterparty financial liabilities	–	(11.769.454.576)	11.769.454.576	–	–
Total	–	(11.769.454.576)	11.769.454.576	–	–

			Related amounts with setoff not stated in the separate statement of financial position		
As of 31 December 2021	*Net financial assets stated in the separate statement of financial position*	*Net financial liabilities stated in the separate 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	–	–

(thousand Kazakhstan tenge unless otherwise stated)

26. Assets and liabilities maturity analysis

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

	31 December 2022			*31 December 2021*		
	Within a year	*More than a year*	*Total*	*Within a year*	*More than a year*	*Total*
Cash and cash equivalents	**267.828.608**	**–**	**267.828.608**	64.426.157	–	64.426.157
Amounts due from credit institutions	**–**	**–**	**–**	–	–	–
Reverse REPO	**35.551.435**	**–**	**35.551.435**	4.214.269	–	4.214.269
Central counterparty financial assets	**11.769.454.576**	**–**	**11.769.454.576**	4.245.575.870	–	4.245.575.870
Investment securities	**31.889.236**	**–**	**31.889.236**	34.379.343	–	34.379.343
Equity securities at fair value through other comprehensive income	**–**	**21.053**	**21.053**	–	21.053	21.053
Investments in subsidiaries	**–**	**164.057**	**164.057**	–	12.852	12.852
Investments in associates	**–**	**125.083**	**125.083**	–	90.537	90.537
Current corporate income tax assets	**117.314**	**–**	**117.314**	78.295	–	78.295
Property, plant and equipment	**–**	**1.738.661**	**1.738.661**	–	1.407.315	1.407.315
Intangible assets	**–**	**1.616.085**	**1.616.085**	–	1.293.999	1.293.999
Prepayments	**4.891**	**357.112**	**362.003**	16.684	557.835	574.519
Other assets	**815.098**	**–**	**815.098**	461.090	–	461.090
Total	**11.769.454.576**	**4.022.051**	**12.109.683.209**	4.349.151.708	3.383.591	4.352.535.299
Amounts due to clearing participants	**312.809.343**	**–**	**312.809.343**	86.830.269	–	86.830.269
Central counterparty financial liabilities	**11.769.454.576**	**–**	**11.769.454.576**	4.245.575.870	–	4.245.575.870
Deferred corporate income tax liabilities	**–**	**345.302**	**345.302**	–	191.506	191.506
Advances received	**88.579**		**88.579**	50.423		50.423
Other liabilities	**371.320**	**–**	**371.320**	195.522	–	195.522
Total	**12.087.723.818**	**345.302**	**12.083.069.120**	4.332.652.084	191.506	4.332.843.590
Net item	**22.937.340**	**3.676.749**	**26.614.089**	16.499.624	3.192.085	19.691.709

(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 Company and other related parties are disclosed below:

	31 December 2022			*31 December 2021*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Cash and cash equivalents	**42.177.783**	**59.689.318**	**–**	11.482.909	22.668.612	–
Investment securities	**31.656.794**	**–**	**–**	33.420.306	–	–
Prepayments	**–**	**357.112**	**–**	–	557.835	–
Amounts due to clearing participants						
Advances received	**–**	**11.994**	**–**	–	3.340	–
Other liabilities	**–**	**1.532.313**		–	3.433	784

The statement of comprehensive income for the years ended 31 December 2022 and 31 December 2021 included the following amounts arising from related party transactions.

	Year ended 31 December					
	2022			*2021*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Commission and fee incomes	**148.699**	**239.988**	**–**	184.120	439.404	–
Interest incomes	**–**	**–**	**–**	–	–	–
Dividend income	**–**	**8.323**	**–**	–	13.977	–
Other incomes	**–**	**–**	**–**	–	–	–
Operating expenses	**(22.668)**	**(242.784)**	**–**	(7.213.800)	(260)	–

The remuneration of the members of key management personnel is reported as follows.

	2022	*2021*
Remuneration to executive body members	**211.628**	186.272
Remuneration to governing body	**52.452**	52.958
Other officials	**18.368**	13.945
Social tax	**23.257**	17.032
Total	**305.705**	270.207

(thousand Kazakhstan tenge unless otherwise stated)

28. Events after the balance sheet date

In accordance with the KASE Development Strategy for 2022-2024, the subsidiary – eTrade.kz LLP – was transformed into KASE Clearing Centre JSC (KACC).

The creation of KACC is due to the Stock Exchange's plans to transfer the functions of the central counterparty to its subsidiary in order to differentiate the risk profile of the trade organizer and the central counterparty. Besides, separation of clearing and central counterparty functions will allow rendering services on various financial instruments circulating not only on KASE, but also on other exchange and over-the-counter markets.

Anti-Russian sanctions in relation to the Russian Federation related to the military operation in Ukraine continue to have an impact on the global economy as a whole and specifically on the Republic of Kazakhstan, including in terms of increasing prices for purchased goods, works and services.

Since January 2023, there has been a steady strengthening of the tenge. The RK NB kept the base rate at 16.75% when it was reviewed in January and February 2023. In 2023, the RK NB did not conduct foreign exchange interventions.

In March 2023, following the closure of Silicon Valley Bank (SVB) and Signature Bank (SB), as well as the provision of financial assistance to Credit Suisse (CS) by the Swiss National Bank and the subsequent takeover by UBS, concerns about the global banking system are rising, which is often compared to the global financial crisis of 2008. The consequences of the current unstable situation are likely to have an impact on the global banking system in the future. The Company does not hold assets related to the above banks. On the date of approval of these separate financial statements, no potential impact on the Company's operations has been identified.