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**Kazyna Capital Management JSC**

Consolidated Financial Statements  
for the year ended 31 December 2020

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## Independent Auditors' Report

To the Board of Directors of Kazyna Capital Management JSC

### **Opinion**

We have audited the consolidated financial statements of Kazyna Capital Management JSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

### **Basis for Opinion**

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

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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





## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





**Kazyna Capital Management JSC**

Independent Auditors' Report

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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.

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

Magomedova M. M.  
Certified Auditor  
of the Republic of Kazakhstan  
Auditor's Qualification Certificate  
# MF-0000594 of 24 May 2018

**KPMG Audit LLC**

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

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

1 March 2021

**Kazyna Capital Management JSC**  
*Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020*

	Note	2020 '000 KZT	2019 '000 KZT
Interest income calculated using the effective interest method	5	1,990,667	3,171,248
Net gain on financial instruments at fair value through profit or loss	23	1,882,316	1,055,853
Net (loss)/income on derivative financial instruments	16	(1,030,473)	387,164
Dividend income on financial instruments at fair value through profit or loss	13	71,170	1,147,906
Net foreign exchange gain /(loss)	9	3,291,023	(328,467)
Net loss on investment financial assets		(458,455)	(577,367)
Other operating (expense)/income, net		(136,493)	109,165
<b>Operating income</b>		<b>5,609,755</b>	<b>4,965,502</b>
(Charge)/reversal of impairment loss on debt financial assets	10	(15,486)	920,164
Personnel expenses	6	(635,437)	(513,741)
General and administrative expenses	7	(687,405)	(983,223)
<b>Profit before income tax</b>		<b>4,271,427</b>	<b>4,388,702</b>
Income tax expense	8	(1,766,044)	(737,380)
<b>Profit for the year</b>		<b>2,505,383</b>	<b>3,651,322</b>
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Revaluation reserve for investment financial assets:			
- Net change in fair value, net of income tax		183,383	707,399
- Net change in fair value transferred to profit or loss		73,565	223,207
<b>Other comprehensive income for the year, net of income tax</b>		<b>256,948</b>	<b>930,606</b>
<b>Total comprehensive income for the year</b>		<b>2,762,331</b>	<b>4,581,928</b>


The consolidated financial statements as set out on pages 6 to 65 were approved by the management on 1 March 2021 and were signed on its behalf by:



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Gulnara Makanalina  
*Deputy Chairman of the Board*





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Raukhan Kuttybayeva  
*Chief Accountant*

**Kazyna Capital Management JSC**  
*Consolidated Statement of Financial Position as at 31 December 2020*

	Note	2020 '000 KZT	2019 '000 KZT
<b>ASSETS</b>			
Cash and cash equivalents	11	16,586,480	946,080
Amounts due from credit institutions	12	30,609,539	23,332,615
Assets measured at fair value through profit or loss	13	139,001,229	133,573,705
- <i>Investments in joint ventures</i>		46,929,140	47,465,606
- <i>Investments in associates</i>		31,164,044	33,476,165
- <i>Other financial assets</i>		60,908,045	52,631,934
Investment financial assets	14	4,162,053	28,709,099
Deferred tax asset	8	2,353,147	1,966,364
Current tax asset		1,295,775	1,746,295
Property, plant and equipment and intangible assets		26,672	33,353
Other assets		30,582	46,485
<b>Total assets</b>		<b>194,065,477</b>	<b>190,353,996</b>
<b>LIABILITIES</b>			
Debt securities issued	15	40,150,736	40,150,736
Financial instruments measured at fair value through profit or loss	16	12,145,034	10,298,284
Other liabilities		439,644	241,849
<b>Total liabilities</b>		<b>52,735,414</b>	<b>50,690,869</b>
<b>EQUITY</b>			
Share capital	17	87,440,000	87,440,000
Revaluation reserve for investment financial assets		18,676	(238,272)
Retained earnings		53,871,387	52,461,399
<b>Total equity</b>		<b>141,330,063</b>	<b>139,663,127</b>
<b>Total liabilities and equity</b>		<b>194,065,477</b>	<b>190,353,996</b>



**Kazyna Capital Management JSC**  
*Consolidated Statement of Cash Flows for the year ended 31 December 2020*

	<b>2020</b>	<b>2019</b>
	<b>'000 KZT</b>	<b>'000 KZT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest income	1,847,812	3,040,124
Dividends received	71,170	1,147,906
Personnel expenses paid	(609,994)	(581,034)
Other general administrative expenses (payments)	(690,022)	(1,113,931)
<b>(Increase)/decrease in operating assets</b>		
Financial instruments measured at fair value through profit or loss	(3,545,208)	(25,593,574)
Purchase of investment financial assets	-	(18,323,441)
Sale and repayment of investment financial assets	25,873,945	35,377,047
Amounts due from credit institutions	(7,483,779)	2,617,149
Other liabilities	22,874	-
<b>Increase in operating liabilities</b>		
Financial instruments measured at fair value through profit or loss	816,278	816,278
<b>Net cash from (used in) operating activities before income tax</b>	<b>16,303,076</b>	<b>(2,613,476)</b>
Income tax paid	(1,702,308)	(2,728,410)
<b>Net cash flows from/(used in) operating activities</b>	<b>14,600,768</b>	<b>(5,341,886)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from consolidation of subsidiary	-	263,418
Acquisition of property, plant and equipment and intangible assets	(999)	(15,536)
<b>Net cash flow (used in)/from investing activities</b>	<b>(999)</b>	<b>247,882</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid (Note 17(b))	(1,095,395)	(1,102,490)
Interest paid on bonds	(4,015)	(3,413)
<b>Net cash used in financing activities</b>	<b>(1,099,410)</b>	<b>(1,105,903)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,500,359</b>	<b>(6,199,907)</b>
Cash and cash equivalents at the beginning of the year	946,080	6,672,269
Effect of changes in exchange rates on cash and cash equivalents	2,140,041	473,718
<b>Cash and cash equivalents at the end of year (Note 11)</b>	<b>16,586,480</b>	<b>946,080</b>

	Share capital	Revaluation reserve for changes in fair value of securities	Retained earnings	Total
<b>'000 KZT</b>				
<b>Balance at 1 January 2020</b>	<b>87,440,000</b>	<b>(238,272)</b>	<b>52,461,399</b>	<b>139,663,127</b>
<b>Total comprehensive income</b>				
Profit for the year	-		2,505,383	2,505,383
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
- Net change in fair value, net of income tax	-	183,383	-	183,383
- Net change in fair value transferred to profit or loss	-	73,565	-	73,565
Total other comprehensive income	-	256,948	-	256,948
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>256,948</b>	<b>2,505,383</b>	<b>2,762,331</b>
<b>Transactions with owners recorded directly in equity</b>				
Dividends declared and paid (Note 17(b))	-		(1,095,395)	(1,095,395)
1 transactions with owners	-		(1,095,395)	(1,095,395)
<b>Balance at 31 December 2020</b>	<b>87,440,000</b>	<b>18,676</b>	<b>53,871,387</b>	<b>141,330,063</b>

	<b>Share capital</b>	<b>Revaluation reserve for changes in fair value of securities</b>	<b>Retained earnings</b>	<b>Total</b>
<b>'000 KZT</b>				
<b>Balance at 1 January 2019</b>	87,440,000	(1,168,878)	49,912,567	136,183,689
<b>Total comprehensive income</b>				
Profit for the year	-	-	3,651,322	3,651,322
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
- Net change in fair value, net of income tax	-	707,399	-	707,399
- Net change in fair value transferred to profit or loss	-	223,207	-	223,207
Total other comprehensive income	-	930,606	-	930,606
<b>Total comprehensive income for the year</b>	-	930,606	3,651,322	4,581,928
<b>Transactions with owners recorded directly in equity</b>				
Dividends declared and paid (Note 17(b))	-	-	(1,102,490)	(1,102,490)
<b>Total transactions with owners</b>	-	-	(1,102,490)	(1,102,490)
<b>Balance at 31 December 2019</b>	87,440,000	(238,272)	52,461,399	139,663,127



## 1 Reporting entity

### (a) Organisation and operations

Kazyna Capital Management Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) was established by the Government of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan as a joint stock company on 7 March 2007. According to the Resolution No.516 of the Committee of State Property and the Order No.630 of the Ministry of Finance of the Republic of Kazakhstan dated 25 May 2013, all shares of the Company were transferred from Sovereign Wealth Fund “Samruk-Kazyna” JSC to Baiterek National Managing Holding Joint Stock Company. The ultimate principal shareholder of the Group is the Government of the Republic of Kazakhstan.

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

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

The principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Ownership interest, %	
			2020	2019
Baiterek Venture Fund JSC*	Kazakhstan	Investment in private equity projects	100.00	100.00
BV Management LLP**	Kazakhstan	Investment portfolio management	100.00	100.00
Kazyna Seriktes B.V. ***	The Netherlands	Investments in funds	100.00	100.00
KCM Sustainable Development Fund C.V. (Subsidiary of Kazyna Seriktes B.V.) ****	The Netherlands	Investments in funds	100.00	100.00

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

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

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

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

As at 31 December 2020, the Company has determined that under IFRS 10 Kazakhstan Infrastructure Fund C.V. with 95% ownership is not a subsidiary since the Company does not have control over Kazakhstan Infrastructure Fund C.V. (Note 13) As at 31 December 2019, Kazakhstan Infrastructure Fund C.V. with 95% ownership was not also a subsidiary of the Company.



During 2019 the Group launched a new program of concessionary financing, as part of which the loans are issued that bear a nominal interest rate of up to 8% per annum and have maturity of up to 10 years. In the context of a new approved program the Group has amended the investment policy, under which the Group invests in those projects that promote development of the priority sectors of the economy. Thus, the Group ceased to meet the definition of an investment entity according to IFRS 10. In connection with this event, starting from the 4th quarter of 2019 the Group has been consolidating the subsidiaries that previously - before the Group lost the status of investment entity - were accounted for at fair value through profit or loss.

**(b) Kazakhstan and CIS business environment**

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

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. The World Health Organization declared on 11 March 2020 the coronavirus (COVID-19) outbreak a pandemic. Responding to the potentially serious threat the COVID-19 presents to public health, for the purpose of protection of life and health of the citizens, the Government of the Republic of Kazakhstan, pursuant to the legislation of the Republic of Kazakhstan, has imposed state of emergency throughout the Republic of Kazakhstan for the period from 16 March 2020 to 12 May 2020. During the state of emergency period, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

Due to business disruption and lockdown in many countries, global oil demand has drastically decreased leading to oversupply and sharp fall in oil prices. On 12 April 2020, major global oil producers including Kazakhstan agreed to a record cut in crude oil production for stabilizing the oil market, which, however, has not been able to reverse the downward pressure on the oil market. Sharp decrease in oil prices and production volumes results in corresponding decrease of oil producers' income and payments to the republican budget, which is likely to have major economic and social consequences and unavoidably affect public sector spending.

To continue as a going concern, the Group keeps carrying out its operations using a remote access and takes measures to protect health of the employees working on site, including provision of the individual protective devices, observance of distancing regime, and disinfection of the Group's premises.

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

## **2 Basis of accounting**

**(a) Statement of compliance**

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

**(b) Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which the Group operates. The functional currency of the Group is KZT. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that reflects the economic substance of the majority of underlying events and circumstances relevant to them. A significant portion of the investments and transactions of the Group and its subsidiaries are denominated in KZT.



Investor subscriptions and redemptions are also received and paid in KZT. Accordingly, management has determined that the functional currency of the Group is KZT. Financial information presented in KZT is rounded to the nearest thousand.

**(c) Use of estimates and judgments**

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

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

**Judgements**

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

- determining the functional currency of the Group – Note 2(b);
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3(e)(i);
- loss of the status of investment entity in 2019 - Note 1(a);
- perimeter of consolidation of subsidiaries - Note 1(a) and Note 13;
- Status of an entity specialising in venture investments in accordance with IAS 28 - Note 3(a)(iii) and Note 13.

**Assumptions and estimations uncertainty**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the consolidated financial statements for the year ended 31 December 2020 is included in the following notes:

- determining fair value of financial instruments measured at fair value through profit or loss – Note 13 and Note 24.

### **3 Significant accounting policies**

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

**(a) Basis of consolidation**

**(i) Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.



The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**(ii) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group's consolidated subsidiaries operate as an investment entity whereby the Group invests and commits to invest into various portfolio companies.

The Group invests into the portfolio companies by purchasing the unlisted and listed private equity instruments of private companies or providing debt finance to these companies. The portfolio companies may pay cash interest or accrue interest in-kind on the debt held by the Group and repay debt based on the terms of the respective agreements.

Cash dividends may be paid based on the portfolio companies operating results and are at the discretion of the Board of Directors of the respective portfolio companies which are then paid up to the Group.

When an entity ceases to be qualified as an investment entity, it should apply IFRS 3 as of the date of change in status (conditional acquisition date), to record all subsidiaries that previously have been measured at fair value in its consolidated financial statements. Fair value of such subsidiary measured as at the date of change in status of an entity is treated as a condition consideration transferred for acquisition of control over a respective investee.

**(iii) Interests in associates and joint ventures**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group applies exemption provided by IAS 28, which allows not to apply the equity accounting method to account for investments in associate and joint ventures, which are directly held by an entity (or indirectly - through an entity) that is an entity specialising in venture investments. Such entities have a right to account for their investments in said associates and joint ventures at fair value through profit or loss in accordance with IFRS 9.

The Group believes that it meets the status of an entity specialising in venture investments as the Group meets the following criteria:

- 
- The principal activity of the Group is investing of funds to generate the operating income, capital gains or both;
  - The Group's investing activity may be clearly and objectively separated from any other activities;
  - Investees represent an independent business units operating independently (on a stand-alone basis) of an investor.

Thus, interests in associates and joint ventures are accounted as financial instruments at fair value through profit or loss in accordance with the scope exemption in IAS 28 *Investments in Associates and Joint Ventures*.



**(iv) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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

**(c) Cash and cash equivalents**

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

**(d) Interest income****Effective interest rate**

Interest income was recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

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

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

**Amortised cost and gross carrying amount**

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

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



**Calculation of interest income**

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

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

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

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

**Presentation**

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

**(e) Financial assets and financial liabilities****(i) Classification**

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

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

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

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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



### **Business model assessment**

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

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

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

In making the assessment, the Group considers:

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

### *Non-recourse loans*

In some cases, financial assets limit the Group's claim to cash flows of certain assets (non-recourse financial assets). The Group applies judgment in assessing whether the non-recourse financial assets meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;



- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

### **Reclassification**

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

#### **(ii) Derecognition**

##### **Financial assets**

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

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

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

##### **Financial liabilities**

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

#### **(iii) Modification of financial assets and financial liabilities**

##### **Financial assets**

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

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

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

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

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



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

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

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

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

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

#### **Financial liabilities**

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

The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

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

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

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

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



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

**(iv) Impairment**

See also Note 4.

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

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 4).

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

**Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows.

**Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the issuer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

An instrument that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a financial instrument that is overdue for 90 days or more is considered impaired.

**Presentation of allowance for ECL in the consolidated statement of financial position**

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

**Write-offs**

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**Objective evidence of impairment**

At each reporting date, the Group assessed whether there was objective evidence that financial assets not carried at FVTPL were impaired. A financial asset or a group of financial assets was 'impaired' when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included:

- significant financial difficulty of the issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- indications that an issuer would enter bankruptcy;
- the disappearance of an active market for a security.



A financial asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

**(f) Embedded derivatives**

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

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

**(g) Property, plant and equipment**

**(i) Recognition**

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

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

**(ii) Depreciation**

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

Vehicles	8 to 10 years;
Computer software	3 to 8 years;
Other	2 to 10 years.

**(h) Intangible assets**

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

**(i) Share capital**

**(i) Ordinary shares**

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

**(ii) Dividends**

The ability of the Group to declare and pay dividends is subject to the rules and regulations of the Kazakhstan legislation.

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



**(j) Taxation**

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

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

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

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

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

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

**(k) Investment related commitments**

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

**(l) Leases**

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

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

**(i) As a lessee**

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

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

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

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



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

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

#### (m) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application if permitted. However, the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *IFRS 17 Insurance Contracts.*

## 4 Financial risk review

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see Note 18.

### Credit risk - Amounts arising from ECL

#### Inputs, assumptions and techniques used for estimating impairment

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

#### Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

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

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



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

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

#### *Generating the term structure of PD*

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects default information about its credit risk exposures analysed by type of product and issuer as well as by credit risk grading.

#### *Determining whether credit risk has increased significantly*

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, the credit rating of an issuer is determined to have decreased by 2 and more positions since initial recognition.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

#### *Definition of default*

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the debtor is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.



*Incorporating of forward-looking information*

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

*Modified financial assets*

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

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

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

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

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

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

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

*Measurement of ECL*

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

PD estimates are estimates at a certain date of ratios exposed to credit risk. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used by the Group to derive the PD. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.



The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Exposure at default represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

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

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

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

	Carrying amount at 31 December 2020	External benchmarks used	
		PD	LGD
Cash and cash equivalents	16,586,480		S&P recovery studies
Amounts due from credit institutions	30,609,539	S&P's default study	for positions inside Kazakhstan LGD is based on historical recovery data from defaulted financial institutions
Investment financial assets	4,162,053		

### Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt instruments as at 31 December 2020 and 31 December 2019. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

'000 KZT	31 December 2020		
	12-month expected credit losses	Lifetime ECL for credit-impaired assets	Total
<i>Cash and cash equivalents</i>			
- rated from BBB- to BBB+	13,940,176	-	13,940,176
- rated from BB- to BB+	2,587,996	-	2,587,996
- not rated (Citibank Kazakhstan JSC)	58,308	-	58,308
<b>Carrying amount</b>	<b>16,586,480</b>		<b>16,586,480</b>

	31 December 2019		
	12-month expected credit losses	Lifetime ECL for credit-impaired assets	Total
<b>'000 KZT</b>			
<i>Cash and cash equivalents</i>			
- rated from BBB- to BBB+	136,080	-	136,080
- rated from BB- to BB+	701,388	-	701,388
- rated from B- to B+	633	-	633
- not rated (Citibank Kazakhstan JSC)	107,979	-	107,979
<b>Carrying amount</b>	<b>946,080</b>	<b>-</b>	<b>946,080</b>

	31 December 2020		
	12-month expected credit losses	Lifetime ECL for credit-impaired assets	Total
<b>'000 KZT</b>			
<i>Amounts due from credit institutions</i>			
- rated from BB- to BB+	30,744,576	-	30,744,576
- rated D	-	9,718,661	9,718,661
	<b>30,744,576</b>	<b>9,718,661</b>	<b>40,463,237</b>
Loss allowance	(135,037)	(9,718,661)	9,853,698
<b>Carrying amount</b>	<b>30,609,539</b>	<b>-</b>	<b>30,609,539</b>

	31 December 2019		
	12-month expected credit losses	Lifetime ECL for credit-impaired assets	Total
<b>'000 KZT</b>			
<i>Amounts due from credit institutions</i>			
- rated from BBB- to BBB+	12,337,098	-	12,337,098
- rated from BB- to BB+	11,012,748	-	11,012,748
- rated D	-	8,912,991	8,912,991
	<b>23,349,846</b>	<b>8,912,991</b>	<b>32,262,837</b>
Loss allowance	(17,231)	(8,912,991)	(8,930,222)
<b>Carrying amount</b>	<b>23,332,615</b>	<b>-</b>	<b>23,332,615</b>

	31 December 2020	31 December 2019
	12-month expected credit losses	12-month expected credit losses
<b>'000 KZT</b>		
<i>Investment financial assets at FVOCI</i>		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	3,136,787
- rated from BB- to BB+	2,183,439	23,999,315
	<b>2,183,439</b>	<b>27,136,102</b>
Loss allowance	(8,314)	(24,986)
<b>Gross carrying amount</b>	<b>2,178,492</b>	<b>27,440,284</b>
<b>Carrying amount</b>	<b>2,183,439</b>	<b>27,136,102</b>

	31 December 2020	31 December 2019
	POCI (Impaired at initial recognition)	POCI (Impaired at initial recognition)
<b>'000 KZT</b>		
<i>Investment financial assets at amortised cost</i>		
- rated from B- to B+	1,978,614	1,572,997
<b>Carrying amount</b>	<b>1,978,614</b>	<b>1,572,997</b>



## 5 Interest income calculated using effective interest method

	2020 <u>'000 KZT</u>	2019 <u>'000 KZT</u>
Amounts due from credit institutions	1,222,573	1,420,263
Investment financial assets	716,122	1,365,009
Cash and cash equivalents	51,972	385,976
	<u><b>1,990,667</b></u>	<u><b>3,171,248</b></u>

## 6 Personnel expenses

	2020 <u>'000 KZT</u>	2019 <u>'000 KZT</u>
Employee benefits	589,114	468,354
Payroll related taxes and contributions	46,323	45,387
	<u><b>635,437</b></u>	<u><b>513,741</b></u>

## 7 General and administrative expenses

	2020 <u>'000 KZT</u>	2019 <u>'000 KZT</u>
Professional services	278,242	418,444
Outsourcing	122,782	137,236
Expenses under operating leases	114,319	108,081
Other third party services	101,249	65,844
Transportation services	34,600	30,593
Depreciation and amortisation	10,031	8,042
Training costs	4,541	23,651
Travel expenses	2,722	28,901
Charity and sponsorship	-	120,000
Other	18,919	42,431
	<u><b>687,405</b></u>	<u><b>983,223</b></u>

## 8 Income tax expense

	2020 <u>'000 KZT</u>	2019 <u>'000 KZT</u>
Current income tax expense	1,715,800	806,035
Current tax expense underprovided in prior periods	437,027	-
Movement in deferred tax assets/liabilities due to origination and reversal of temporary differences and movement in valuation allowance	(386,783)	(68,655)
<b>Total income tax expense</b>	<u><b>1,766,044</b></u>	<u><b>737,380</b></u>

In 2020, the applicable tax rate for current and deferred tax is 20% (2019: 20%).

**Reconciliation of effective income tax rate:**

	<b>2020</b>		<b>2019</b>	
	<b>'000 KZT</b>	<b>%</b>	<b>'000 KZT</b>	<b>%</b>
<b>Profit before income tax</b>	<b>4,271,427</b>	<b>100</b>	<b>4,388,702</b>	<b>100</b>
Income tax at the applicable tax rate	854,285	20	877,740	20
Non-deductible losses/(non-taxable income) on revaluation of financial instruments at fair value through profit or loss	447,085	10	(211,171)	(5)
Non-deductible expense on securities	29,880	1	141,728	3
Income from offshore entities	-		119,701	3
Other non-deductible expenses	864	-	18,495	-
Current tax expense underprovided in prior periods	437,027	10	-	-
Gain on reversal of impairment of debt financial assets	(3,097)	-	(209,113)	(5)
	<b>1,766,044</b>	<b>41</b>	<b>737,380</b>	<b>16</b>

**Deferred tax assets and liabilities**

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets as at 31 December 2020 and 31 December 2019.

Movement in temporary differences during the years ended 31 December 2020 and 31 December 2019 is presented as follows:

<b>2020</b>	<b>Balance at 1</b>	<b>Recognised in</b>	<b>Balance at 31</b>
<b>'000 KZT</b>	<b>January 2020</b>	<b>profit or loss</b>	<b>December 2020</b>
Property, plant and equipment and intangible assets	(285)	594	309
Financial liabilities at fair value through profit or loss	1,961,250	369,350	2,330,600
Other liabilities	5,399	16,839	22,238
	<b>1,966,364</b>	<b>386,783</b>	<b>2,353,147</b>
<b>2019</b>	<b>Balance</b>	<b>Recognised in</b>	<b>Balance at 31</b>
<b>'000 KZT</b>	<b>1 January 2019</b>	<b>profit or loss</b>	<b>December 2019</b>
Property, plant and equipment and intangible assets	(712)	427	(285)
Financial assets at fair value through profit or loss	(663)	663	-
Financial liabilities at fair value through profit or loss	1,875,427	85,823	1,961,250
Other liabilities	23,658	(18,258)	5,399
	<b>1,897,710</b>	<b>68,655</b>	<b>1,966,364</b>

**9 Net foreign exchange gain/(loss)**

	<b>2020</b>	<b>2019</b>
	<b>'000 KZT</b>	<b>'000 KZT</b>
Unrealised foreign exchange gain/(loss)	3,302,118	(392,645)
Realised foreign exchange (loss)/gain	(11,095)	64,178
	<b>3,291,023</b>	<b>(328,467)</b>



## 10 (Charge)/reversal of impairment loss on debt financial assets

Charge of impairment losses with regard to debt financial assets comprises establishment of allowance for expected credit losses on amounts due from credit institutions of KZT 32,158 thousand (2019: reversal of impairment losses with regard to debt financial assets comprises reversal of allowance for expected credit losses on the amounts due from credit institutions of KZT 848,585 thousand) and reversal of allowance for expected credit losses on investment financial assets in the amount of KZT 16,672 thousand (2019: reversal of allowance for expected credit losses on investment financial assets in the amount of KZT 71,579 thousand).

## 11 Cash and cash equivalents

	2020 '000 KZT	2019 '000 KZT
<b>Current accounts with other banks</b>		
- rated from BBB- to BBB+	13,940,176	136,080
- rated from BB to BB+	2,587,996	701,388
- rated from B- to B+	-	633
- not rated (Citibank Kazakhstan JSC)	58,308	107,979
	<b>16,586,480</b>	<b>946,080</b>

Credit ratings were assigned based on the rating scale of Standard & Poor's or equivalent ratings. None of cash and cash equivalents are impaired or past due.

## 12 Amounts due from credit institutions

	2020 '000 KZT	2019 '000 KZT
- rated from BBB- to BBB+	-	12,337,098
- rated from BB to BB+	30,744,576	11,012,748
- rated D	9,718,661	8,912,991
<b>Total amounts due from credit institutions</b>	<b>40,463,237</b>	<b>32,262,837</b>
Allowance for expected credit losses	(9,853,698)	(8,930,222)
<b>Total amounts due from credit institutions, net of allowance for expected credit losses</b>	<b>30,609,539</b>	<b>23,332,615</b>

Credit ratings were assigned based on the rating scale of Standard & Poor's or equivalent ratings.

### Movement in allowance for expected credit losses

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

	For the year ended 31 December 2020		
	12-month ECL	Lifetime ECL credit-impaired	Total '000 KZT
Balance at the beginning of the period	17,231	8,912,991	8,930,222
Net movement in loss allowance	121,408	(89,250)	32,158
Foreign exchange difference	(3,602)	894,920	891,318
<b>Balance at the end of the reporting period</b>	<b>135,037</b>	<b>9,718,661</b>	<b>9,853,698</b>
	For the year ended 31 December 2019		
	12-month ECL	Lifetime ECL credit-impaired	Total '000 KZT
Balance at the beginning of the period	147,797	9,669,960	9,817,757
Net movement in loss allowance	(130,566)	(718,019)	(848,585)
Foreign exchange difference	-	(38,950)	(38,950)
<b>Balance at the end of the reporting period</b>	<b>17,231</b>	<b>8,912,991</b>	<b>8,930,222</b>

As at 31 December 2020 the Group considers the amounts due from Kazinvestbank JSC for the amount of KZT 5,090,756 thousand, Delta Bank JSC for the amount of KZT 4,627,905 thousand as credit-impaired (as at 31 December 2019: KZT 4,706,415 thousand, KZT 4,206,576 thousand, respectively). In respect of these balances, the Group recognises allowance for lifetime expected credit losses for the total amount of KZT 9,718,661 thousand (31 December 2019: KZT 8,912,991 thousand).

### 13 Financial instruments measured at fair value through profit or loss

Upon loss of the investment entity status the Group consolidates subsidiaries that were previously measured at fair value through profit or loss.

	2020 '000 KZT	Ownership interest, %	2019 '000 KZT	Ownership interest, %
<b>Investments in joint ventures</b>				
AstanaGas KMG JSC	40,150,121	50.0	40,150,121	50.0
Baikonyr Solar LLP	4,142,000	49.0	4,242,000	49.0
VTB Capital 12BF Innovation Fund L.P. (Portfolio company of Kazyna Seriktes B.V.)	1,664,348	49.0	1,850,814	49.0
Makinsky Heat-Insulation Producing Plant LLP	750,000	49.0	1,000,000	49.0
Best Meat LLP	222,671	49.0	222,671	49.0
	<b>46,929,140</b>		<b>47,465,606</b>	
<b>Investments in associates</b>				
CITIC-KAZYNA Investment L.P. (Portfolio company of Kazyna Seriktes B.V.)	12,765,537	49.9	14,129,220	49.9
Kazakhstan Growth Fund L.P. (Portfolio company of Kazyna Seriktes B.V.)	7,410,835	49.5	11,845,214	49.5
EMC Agro LLP	3,882,000	24.47	-	-
ADM KCRF L.P. (Portfolio company of Kazyna Seriktes B.V.)	3,604,038	49.5	4,989,676	49.5
KazMyaso LLP	1,777,329	49.0	1,777,329	49.0
PC KazrostEngineering Ltd	1,177,882	32.0	-	-
Temirbeton-1 LLP	382,666	22.0	634,726	22.0
Burundai Mineral Water LLP	163,757	45.3	100,000	45.3
	<b>31,164,044</b>		<b>33,476,165</b>	
<b>Other financial assets (equity)</b>				
Kazakhstan Infrastructure Fund C.V.	23,784,515	95.2	20,003,556	95.2
AITAS LUX S.A.R.L	6,889,713	7.1	7,606,922	9.7
CAEPCO JSC	2,053,450	1.5	1,983,059	1.5
Wolfenson Capital Partners L.P. (Portfolio company of Kazyna Seriktes B.V.)	1,429,084	9.9	1,701,273	9.9
BRBAPK LLP	1,000,000	8.3	1,000,000	8.3
DBK Equity Fund (Portfolio company of Kazyna Seriktes B.V.)	591,572	3.0	590,633	3.0
MRIF CASP C.V. (Portfolio company of Kazyna Seriktes B.V.)	587,741	9.1	787,492	9.1
Falah Growth Fund L.P. (Portfolio company of Kazyna Seriktes B.V.)	346,719	10.0	666,512	10.0
TTS Astana-2007 K LLP	240,000	7.2	-	-
BV Management LLP	158,592	100.0	141,596	100.0
Islamic Infrastructure Fund Limited Partnership (Portfolio company of Kazyna Seriktes B.V.)	39,204	1.3	339,785	1.3
Almex-Baiterek Fund LLP	10,607	7	15,807	7
Mining Chemical Company LLP	-	7.2	108,006	7.2
EMC Agro LLP	-	-	1,585,000	9.9
Allur Group of Companies JSC	-	-	1,624,724	15.5
	<b>37,131,197</b>		<b>38,154,365</b>	



	2020 '000 KZT	2019 '000 KZT
<b>Other financial assets (equity)</b>		
Oil House “Astana Oil” LLP (Portfolio company of KCM SDFI)	3,693,653	3,430,005
MepAChC LLP (Portfolio company of KCM SDFI)	3,256,349	-
AOM Metal B.V. (Portfolio company of Baiterek Venture Fund JSC)	3,119,229	2,671,563
Kazpoligraf LLP (Portfolio company of Baiterek Venture Fund JSC)	2,664,825	1,530,023
OralMunaiProm LLP (Portfolio company of KCM SDFI)	2,635,469	-
KAZ GREEN ENERGY LLP (Portfolio company of Baiterek Venture Fund JSC)	2,367,154	2,033,751
Karaganda Kus LLP (Portfolio company of KCM SDFI)	1,516,374	1,271,911
Aqua Faktoriya	1,080,054	-
Agromiin LLP (Portfolio company of KCM SDFI)	1,013,131	1,258,190
Alex Astana LLP (Portfolio company of Baiterek Venture Fund JSC)	735,156	781,988
Temirbeton-1 LLP (Portfolio company of KCM SDFI)	734,637	657,594
Makinsky Heat-Insulation Producing Plant LLP (Portfolio company of Baiterek Venture Fund JSC)	491,292	480,681
KazMyaso LLP (Portfolio company of Baiterek Venture Fund JSC)	469,525	361,863
	<b>23,776,848</b>	<b>14,477,569</b>
<b>Total assets measured at fair value through profit or loss</b>	<b>139,001,229</b>	<b>133,573,705</b>

Dividend income on financial instruments at fair value through profit or loss:

	2020 '000 KZT	2019 '000 KZT
BV Management LLP	43,295	9,621
DBK Equity Fund C.V.	27,875	-
Islamic Infrastructure Fund Limited Partnership	-	7,713
Macquarie Russia & CIS Infrastructure Fund L.P.	-	616,982
VTB Capital 12BF Innovation Fund L.P. (Portfolio company of Kazyna Seriktes B.V.)	-	277,632
Kazakhstan Growth Fund L.P. (Portfolio company of Kazyna Seriktes B.V.)	-	82,667
CAEPCO JSC	-	11,589
	<b>71,170</b>	<b>1,147,906</b>

#### ***Investments in AstanaGas KMG JSC***

In October 2018, the Group acquired 50% of voting shares of AstanaGas KMG JSC for the amount of KZT 121 thousand and made additional contribution to charter capital at 30 October 2018 of KZT 40,150,000 thousand. AstanaGas KMG JSC was established to implement the project of gasification of the city of Astana and northern regions of the Republic of Kazakhstan as well as implement other programmes for the development of gas industry. This entity is considered to be a joint venture.

The Group financed the acquisition by issuing 40,150,000 bonds with par value of KZT 1,000 per bond, which mature on demand and have a coupon interest of 0.01% per annum. According to the agreement concluded with the seller of the shares, the Group has a ‘put’ option enabling the Group to sell its share in equity investment in the amount of KZT 40,150,000 thousand, with a yield of 0.01% per annum upon expiry of 15 years and, if demanded so by holders of the bonds issued by the Group, buy back issued bonds.

#### ***Investment in Kazakhstan Infrastructure Fund C.V.***

In February 2017, to appoint new General Partner to Kazakhstan Infrastructure Fund C.V. (“KIF”), the Group and Verno Pe Eurasia GP Limited (hereinafter- the “General Partner”) signed a limited partnership agreement (hereinafter - “LPA”).

Under the terms and conditions of LPA, the amount of liabilities related to investment in KIF was allocated between the partners as follows:

- Kazyna Capital Management JSC (USD 100 mln) - the 95.24% ownership interest;
- VERNO PE EURASIA GP (USD 5 mln) - the 4.76 % ownership interest.

The main purpose to have established KIF is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. KIF's operations are primarily located in Kazakhstan, while the country of incorporation is the Netherlands.

#### *Nature and extent of the Group's involvement*

The Group holds a 95% interest in KIF, and being a limited liability partner under the LPA, is not involved in the decision-making process related to KIF's investing activities.

KIF's management company is the General Partner who is responsible for making investing decisions, and governed by the Investment Policy in accordance with the LPA. The General Partner is free to select assets for capital investment and makes key decisions on the Fund's operating activities and investees' capital, including budgets and key management remuneration.

In accordance with the LPA, the Company may to re-appoint a fund's manager, the General Partner, to protect its interests with regard to investees and KIF' operations. Under the terms of the LPA, there are certain conditions which are attached to the reappointment of the General Partner, including:

- imposing a pecuniary penalty in the amount of 2% of total investment liabilities;
- searching for a new General Partner who is prepared to buy out the predecessor General Partner's rights and obligations.

These conditions make the General Partner's reappointment process more difficult.

In accordance with the above, under IFRS 10 *Consolidated Financial Statements*, the Group has no control over KIF as at 31 December 2020 and 31 December 2019.

#### ***Debt financial instruments***

During 2019 the Group launched a new program of concessionary financing, as part of which the loans are issued that bear a nominal interest rate of up to 8% per annum and have maturity of up to 10 years. The Company amended its investment policy in accordance with the newly approved programme, under which the Company makes investments in projects that encourage development of priority sectors (Note 1).

The Group determined that cash flows from these debt financial instruments comprise not only payments of principal and accrued interest on unpaid principal. Therefore, these financial instruments do not meet the SPPI criterion and are measured by the Group at fair value through profit or loss.

The fair value of debt financial instruments was determined using market rates varying from 11.17% to 19.15% p.a. (2019: from 10.46% to 18.86% p.a.).



**(c) Interests in associates and joint ventures**

The table below summarises the financial information as at 30 September 2020 (unaudited) and 31 December 2019 for significant investments in associates and joint ventures as presented in the financial statements of these entities:

	<u>Astana Gas KMG JSC</u> 50.0%	<u>CITIC KAZYNA</u> <u>Investment Fund L.P.</u> 49.9%	<u>Kazakhstan Growth</u> <u>Fund L.P.</u> 49.5%	<u>ADM KCRF L.P.***</u> 49.5%	<u>Baikonyr Solar LLP</u> 49.0%
Ownership interest, %					
Country of incorporation	Joint venture Republic of Kazakhstan	Associate Cayman Islands China/Republic of Kazakhstan	Associate The Netherlands	Associate The Netherlands	Joint venture Republic of Kazakhstan
Place of business	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan
<b>At 30 September 2020 (unaudited)</b>					
Non-current assets	280,121,995	38,203,307	15,463,600	7,240,912	20,021,354
Current assets*	2,072,914	11,854,627	193,244	225,254	5,412,819
Non-current liabilities**	204,443,903	17,602,345	-	-	15,902,818
Current liabilities	20,416,116	185,974	381,745	9,349	559,171
<b>For the nine months ended 30 September 2020 (unaudited):</b>					
Revenue	2,803,791	-	-	-	2,364,982
(Net loss)/net profit	(22,148,184)	(332,271)	60,373	(1,008,026)	250,584
Total comprehensive income	(22,148,184)	(332,271)	60,373	(1,008,026)	250,584
<b>At 31 December 2019:</b>					
Non-current assets	286,802,783	33,829,082	24,509,197	9,102,560	20,754,318
Current assets*	32,398,020	8,118,965	165,712	198,547	4,367,105
Non-current liabilities**	(209,129,372)	-	-	-	(16,087,420)
Current liabilities	(30,588,357)	(8,268,362)	(161,791)	(16,208)	(328,893)
<b>For the year ended 31 December 2019</b>					
Revenue	-	-	-	-	54,426
(Net loss)/net profit	(1,192,644)	6,018,691	(274,703)	(77,679)	81,490
Total comprehensive income	(1,192,644)	6,018,691	(274,703)	(77,679)	81,490

\*\*Current assets of AstanaGas KMG JSC as at 30 September 2020 include cash and cash equivalents of KZT 2,040,237 thousand (unaudited) (31 December 2019: KZT 32,394,400 thousand). Current assets of Baikonyr Solar LLP as at 30 September 2020 include cash and cash equivalents of KZT 3,503,925 thousand (unaudited) (31 December 2019: KZT 967,917 thousand).

\*\*\*Non-current liabilities of AstanaGas KMG JSC as at 30 September 2020 include non-current financial liabilities of KZT 197,775,686 thousand (unaudited) (31 December 2019: KZT 202,864,371 thousand). Non-current liabilities of Baikonyr Solar LLP as at 30 September 2020 include non-current financial liabilities of KZT 15,902,818 thousand (unaudited) (31 December 2019: include non-current financial liabilities of KZT 16,087,420 thousand)

\*\*\* Financial information on ADM KCRF L.P. Is provided as at 31 December 2020 and for the year then ended.

**Kazyna Capital Management JSC**  
Notes to the Consolidated Financial Statements for the year ended 31 December 2020

	VTB Capital 12BF Innovation Fund L.P. 49.0%	Makinsky Heat- Insulation Producing Plant LLP 49.0%	EMC Agro LLP 24.47%	KazMyaso LLP 49.0%	PC KazrostEngineering Ltd*** 32.0%
	Joint venture Cayman Islands Republic of Kazakhstan	Joint venture Republic of Kazakhstan Republic of Kazakhstan	Associate Republic of Kazakhstan Republic of Kazakhstan	Associate Republic of Kazakhstan Republic of Kazakhstan	Associate Republic of Kazakhstan Republic of Kazakhstan
000' KZT (unaudited)					
Ownership interest, %					
Country of incorporation					
Place of business					
<b>At 30 September 2020 (unaudited)</b>					
Non-current assets	1,678,381	5,224,415	6,778,045	3,399,702	2,331,869
Current assets*	76,522	1,104,021	8,118,738	3,863,669	6,915,414
Non-current liabilities**	-	(7,960,513)	4,737,921	(5,558,104)	-
Current liabilities	34,439	(512,974)	2,423,607	(836,365)	8,379,868
<b>For the nine months ended 30 September 2020 (unaudited):</b>					
Revenue	-	1,061,330	3,412,838	13,888	25,196,458
(Net loss)/net profit	(275,498)	(557,223)	401,801	(521,654)	449,712
Total comprehensive income	(275,498)	(557,223)	401,801	(521,654)	449,712
<b>At 31 December 2019:</b>					
Non-current assets	1,687,946	5,427,054	5,427,054	3,299,935	-
Current assets*	77,489	1,256,144	1,256,144	3,952,485	-
Non-current liabilities**	-	(7,923,081)	(7,923,081)	(5,436,513)	-
Current liabilities	43,204	(287,689)	(287,689)	(681,919)	9
<b>For the year ended 31 December 2019:</b>					
Revenue	-	469,917	625,080	35,068	-
(Net loss)/net profit	(460,461)	163,801	(1,440,325)	(480,645)	-
Total comprehensive income	(460,461)	163,801	(1,440,325)	(480,645)	-

\*\*Current assets of VTB Capital 12BF Innovation Fund L.P. as at 30 September 2020 include cash and cash equivalents of KZT 76,522 thousand (unaudited) (31 December 2019: KZT 77,489 thousand).  
Current assets of Makinsky Thermal Insulation Plant LLP as at 30 September 2020 include cash and cash equivalents of KZT 58,605 thousand (unaudited) (31 December 2019: KZT 115,181 thousand).

\*\*Non-current liabilities of Makinsky Thermal Insulation Plant LLP as at 30 September 2020 include non-current financial liabilities of KZT 7,960,513 thousand (unaudited) (31 December 2019: KZT 7,923,081 thousand).

\*\*\* Financial information on PC KazrostEngineering Ltd is provided as at 31 December 2020 and for the year then ended.



The Group accounts for its investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 because it applies the exemption from use of the equity method to accounting for investments in associates and joint ventures for venture capital entities.

The Group's principal activity is investing to generate income and get benefits from capital growth. The Group has an exit strategy in place for each of its investment. The Group's investment activities are carried out through subsidiaries of the Group. The Group has an established control and reporting system for its investment activities. The Group also has the Investment Department and the Risk Management Department, which are responsible for managing the Group's investment activities, including reporting to the Group Management and the Board of Directors. In addition, the Group's investees are separate business units, where the Group's participation is limited with no control over the investees.

Therefore, the Group believes that it meets the definition of venture capital organisation and applies the exemption from use of the equity method to account for investments in associates and joint ventures.

## 14 Investment financial assets

	31 December 2020 '000 KZT	31 December 2019 '000 KZT
<b>Investment debt instruments at FVOCI</b>		
- <b>Government bonds</b>		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	3,136,787
<b>Total government bonds</b>	-	<b>3,136,787</b>
- <b>Corporate bonds</b>		
rated from BB- to BB+	-	10,336,750
<b>Total corporate bonds</b>	-	<b>10,336,750</b>
- <b>Corporate bonds of banks</b>		
rated from BB- to BB+	2,183,439	13,662,565
<b>Total corporate bonds of banks</b>	<b>2,183,439</b>	<b>13,662,565</b>
<b>Total investment debt instruments measured at fair value through other comprehensive income</b>	<b>2,183,439</b>	<b>27,136,102</b>
	31 December 2020 '000 KZT	31 December 2019 '000 KZT
<b>Investment financial assets at amortised cost (POCI-assets)</b>		
First Heartland Jýsan Bank JSC (former Tsesnabank JSC)	1,978,614	1,572,997
<b>Total bonds</b>	<b>1,978,614</b>	<b>1,572,997</b>
<b>Total investment assets</b>	<b>4,162,053</b>	<b>28,709,099</b>

## 15 Debt securities issued

As at 31 December 2020 and 3 December 2019, the issued debt securities in the amount of KZT 40,150,736 thousand comprise unquoted bonds repayable on demand and coupon interest of 0.01% per annum. Total maturity of bonds is 15 years. Proceeds from borrowings were directed for acquisition of a 50% interest in AstanaGas KMG JSC (Note 13).

## 16 Financial liabilities measured at fair value through profit or loss

	31 December 2020 '000 KZT	31 December 2019 '000 KZT
Derivative financial instruments	12,145,034	10,298,284
	<b>12,145,034</b>	<b>10,298,284</b>

During 2015, the Group entered into a cross currency swap with Development Bank of Kazakhstan with maturity in 2022 to deliver USD 50,000 thousand in exchange for KZT 9,382,500 thousand. The Group received 8.7% p.a. interest prepayment of KZT 816,278 thousand. By the decision of the Board of Directors dated 15 July 2020, a transaction was entered into to prolong a currency swap contract with Development Bank of Kazakhstan for a period of more than 24 months. As at 31 December 2020 the fair value of this swap was KZT 12,145,034 thousand (31 December 2019: KZT 10,298,284 thousand).

To determine the fair value of this swap in 2020, management used 10.82% for KZT leg and 1.67% for USD leg (2019: 9.64% for KZT leg and 1.75% for USD leg) based on the observable market data information. The fair value of this swap is categorised into Level 2 of the fair value hierarchy.

## 16 Share capital and reserves

### (a) Issued capital

	Ordinary shares			
	Number of shares		Cost, '000 KZT	
	2020	2019	2020	2019
In issue at 1 January	53,550,000	53,550,000	87,440,000	87,440,000
<b>In issue at 31 December, fully paid</b>	<b>53,550,000</b>	<b>53,550,000</b>	<b>87,440,000</b>	<b>87,440,000</b>

As at 31 December 2020 the authorised share capital comprises 55,000,000 ordinary shares (31 December 2019: 55,000,000). The issued and paid share capital comprises 53,550,000 ordinary shares (2019: 53,550,000). The shares have no nominal value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group.

### (b) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's consolidated financial statements prepared in accordance with IFRS or net profit for the current year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date, total distributable reserves amounted to KZT 53,871,387 thousand (31 December 2019: KZT 52,461,399 thousand).

In 2020 the Group declared and distributed dividends for 2019 financial year in the amount of KZT 1,095,395 thousand or KZT 20.5 per one ordinary share (2019: KZT 1,102,490 thousand or KZT 20.6 per one ordinary share).

## 17 Financial instruments risk management

Management of risk is fundamental to the Group's business and forms an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk and liquidity risk.

### (a) Risk management policies and procedures

The risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and emerging best practice.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.



The Management Board is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Group operates within established risk parameters. The Head of the Risk Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Chairman of Management Board and indirectly to the Board of Directors.

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

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2020 and 31 December 2019.

**Average effective interest rates**

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

	2020		2019	
	Average effective interest rate, %		Average effective interest rate, %	
	KZT	USD	KZT	USD
<b>Interest bearing assets</b>				
Cash and cash equivalents	7.3	0.2	7.3	1.0
Amounts due from credit institutions	8.2	2.5	8.8	1.7
Investment financial assets	18.0	7.3	18.0	5.8

An analysis of sensitivity of net profit or loss and equity as a result of changes in the fair value of investment financial assets due to changes in the interest rates based on positions existing as at 31 December 2020 and 31 December 2019 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves is as follows:

	2020		2019	
	Profit or loss '000 KZT	Equity '000 KZT	Profit or loss '000 KZT	Equity '000 KZT
100 bp parallel fall	-	137,383	-	438,735
100 bp parallel rise	-	(133,896)	-	(521,410)

**(ii) Currency risk**

The Group has assets and liabilities denominated in several foreign currencies. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

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

	USD '000 KZT	EUR '000 KZT	KZT '000 KZT	Total '000 KZT
<b>ASSETS</b>				
Cash and cash equivalents	11,148,225	48,791	5,389,464	16,586,480
Amounts due from credit institutions	19,008,167	-	11,601,372	30,609,539
Assets measured at fair value through profit or loss				
- debt instruments	-	-	23,776,848	23,776,848
Investment financial assets	2,183,439	-	1,978,614	4,162,053
Other financial assets	-	-	18,757	18,757
<b>Total financial assets</b>	<b>32,339,831</b>	<b>48,791</b>	<b>42,765,055</b>	<b>75,153,677</b>
<b>LIABILITIES</b>				
Debt securities issued	-	-	(40,150,736)	(40,150,736)
Derivative financial instruments	-	-	(482,034)	(482,034)
Other financial liabilities	-	-	(210,072)	(210,072)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(40,842,842)</b>	<b>(40,842,842)</b>
<b>Net position</b>	<b>32,339,831</b>	<b>48,791</b>	<b>1,922,213</b>	<b>34,310,835</b>
Derivative financial instruments	(21,045,500)	-	9,382,500	(11,663,000)
<b>Net position after financial derivatives</b>	<b>11,294,331</b>	<b>48,791</b>	<b>11,304,713</b>	<b>22,647,835</b>

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2019:

	USD '000 KZT	EUR '000 KZT	KZT '000 KZT	Total '000 KZT
<b>ASSETS</b>				
Cash and cash equivalents	709,346	279	236,455	946,080
Amounts due from credit institutions	9,374,336	-	13,958,279	23,332,615
Assets measured at fair value through profit or loss				
- debt instruments	-	-	14,477,569	14,477,569
Investment financial assets	27,136,102	-	1,572,997	28,709,099
Other financial assets	-	-	33,901	33,901
<b>Total financial assets</b>	<b>37,219,784</b>	<b>279</b>	<b>30,279,201</b>	<b>67,499,264</b>
<b>LIABILITIES</b>				
Debt securities issued	-	-	(40,150,736)	(40,150,736)
Derivative financial instruments	-	-	(551,284)	(551,284)
Other financial liabilities	-	-	(186,386)	(186,386)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(40,888,406)</b>	<b>(40,888,406)</b>
<b>Net position</b>	<b>37,219,784</b>	<b>279</b>	<b>(10,609,205)</b>	<b>26,610,858</b>
Derivative financial instruments	(19,129,500)	-	9,382,500	(9,747,000)
<b>Net position after financial derivatives</b>	<b>18,090,284</b>	<b>279</b>	<b>(1,226,705)</b>	<b>16,863,858</b>

A weakening of KZT, as indicated below, against the following currencies at 31 December 2020 and 31 December 2019 would have increased equity and profit or loss by the amounts shown below. This analysis is on a net-of-tax basis, and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2020 '000 KZT	2019 '000 KZT
20% appreciation of USD against KZT	1,807,093	2,894,445

A strengthening of the KZT against the above currencies at 31 December 2020 and 31 December 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.



**(c) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises from the Group's investments in equity instruments, including shares of private equity funds, whose valuation is based on the valuation of the underlying portfolio companies of those private equity funds.

The Group invests in such assets in order to take advantage of their long-term growth. All investments present a risk of loss of capital. All of the private equity funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Group mainly relies on the management of the private equity funds in mitigation of the price risk. The management of the private equity funds moderates this risk through careful selection and review of the business and operational matters before the investment decision are implemented. They also maintain regular contact with the management of the underlying companies. The performance of the management of the private equity funds are reported to the Group on a quarterly basis. As at 31 December 2020 these reports on performance of the private equity funds management for the 3<sup>rd</sup> quarter of 2020 are accessible for the Group.

The Group's profit and loss and equity is affected by changes in the fair value of its investments in private equity funds. For example, a 10% increase in the equity prices of the funds, would increase profit or loss and equity by KZT 11,522,438 thousand for the year ended 31 December 2020 (2019: KZT 11,909,614 thousand). A 10% decrease in these prices would have an equal and opposite effect.

Moreover, the Group's profit and loss and equity is affected by changes in the fair value of its debt financial instruments measured at fair value through profit or loss. For example, a 1% increase in the discount rate would have decreased profit or loss and equity by KZT 787,464 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: KZT 373,700 thousand). A 1% decrease in these rates would have an equal and opposite effect.

**(d) Credit risk**

Credit risk the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of an Investment Committee to actively monitor credit risk. The investment policy is reviewed and approved by the Management Board.

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

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

	2020 '000 KZT	2019 '000 KZT
<b>ASSETS</b>		
Cash and cash equivalents	16,586,480	946,080
Amounts due from credit institutions	30,609,539	23,332,615
Assets at fair value through profit or loss		
- debt instruments	23,776,848	14,477,569
Investment financial assets	4,162,053	28,709,099
Other financial assets	18,757	33,901
<b>Total maximum exposure</b>	<b>75,153,677</b>	<b>67,499,264</b>



**(e) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Management Board.

The Group is committed and invests in private equity funds that are not traded in an active market and are therefore considered illiquid. On the basis of the Group's commitments, the private equity funds are able to call on such commitments from the Group with a notice period on average being 10 days.

The amount of these calls may exceed the available cash and cash equivalents at any point in time.

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

'000 KZT	Demand and less than 1 month	From 1 to 5 years	Total gross amount (outflow)	Carrying amount
<b>Non-derivative liabilities</b>				
Debt securities issued	(40,150,736)	-	(40,150,736)	(40,150,736)
Other financial liabilities	(210,072)	-	(210,072)	(210,072)
<b>Derivative liabilities</b>				
Net settled derivatives				
Outflow	-	(21,045,500)	(21,045,500)	(12,145,034)
Inflow	-	9,382,500	9,382,500	-
<b>Total liabilities</b>	<b>(40,360,808)</b>	<b>(11,663,000)</b>	<b>(52,023,808)</b>	<b>(52,505,842)</b>
<b>Investment related commitments</b>	<b>(69,150,685)</b>	<b>-</b>	<b>(69,150,685)</b>	<b>-</b>

The following tables show the maturity profile of the Group's financial liabilities as at 31 December 2019 based on contractual undiscounted payments:

'000 KZT	Demand and less than 1 month	From 1 to 5 years	Total gross amount (outflow)	Carrying amount
<b>Non-derivative liabilities</b>				
Debt securities issued	(40,150,736)	-	(40,150,736)	(40,150,736)
Other financial liabilities	(186,386)	-	(186,386)	(186,386)
<b>Derivative liabilities</b>				
Net settled derivatives				
Outflow	-	(19,129,500)	(19,129,500)	(10,298,284)
Inflow	-	9,382,500	9,382,500	-
<b>Total liabilities</b>	<b>(40,337,122)</b>	<b>(9,747,000)</b>	<b>(50,084,122)</b>	<b>(50,635,406)</b>
<b>Investment related commitments</b>	<b>(59,910,628)</b>	<b>-</b>	<b>(59,910,628)</b>	<b>-</b>

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



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

	<b>Demand and</b>						<b>Carrying amount</b>
	<b>less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>From 5 to 10 years</b>	
<b>'000 KZT</b>							
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	16,586,480	-	-	-	-	-	16,586,480
Amounts due from credit institutions	846,088	19,008,167	10,247,176	508,108	-	-	30,609,539
Financial instruments at fair value through profit or loss:							
- equity instruments	-	-	-	-	-	37,131,197	37,131,197
- debt instruments	-	-	-	-	551,279	23,225,569	23,776,848
Investment financial assets	2,183,439	-	-	-	-	1,978,614	4,162,053
Other financial assets	-	-	-	-	-	18,757	18,757
<b>Total assets</b>	<b>19,616,008</b>	<b>19,008,167</b>	<b>10,247,176</b>	<b>508,108</b>	<b>551,279</b>	<b>25,222,940</b>	<b>112,284,874</b>
<b>Non-derivative financial liabilities</b>							
Debt securities issued	(40,150,736)	-	-	-	-	-	(40,150,736)
Other financial liabilities	(210,072)	-	-	-	-	-	(210,072)
<b>Derivative liabilities</b>							
Net settled derivatives	-	-	-	-	-	-	-
Total liabilities	<b>(40,360,808)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,145,034)</b>	<b>-</b>	<b>(12,145,034)</b>
<b>Net liquidity gap on recognised financial assets and liabilities</b>	<b>(20,744,801)</b>	<b>19,008,167</b>	<b>10,247,176</b>	<b>508,108</b>	<b>(11,593,755)</b>	<b>25,222,940</b>	<b>37,131,197</b>
<b>Investment related commitments</b>	<b>(69,150,685)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69,150,685)</b>

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled as at 31 December 2019:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	From 5 to 10 years	No maturity	Carrying amount
<b>'000 KZT</b>								
<b>Non-derivative financial assets</b>								
Cash and cash equivalents	946,080	-	-	-	-	-	-	946,080
Amounts due from credit institutions	979,097	9,374,336	12,979,182	-	-	-	-	23,332,615
Financial instruments at fair value through profit or loss:								
- equity instruments	-	-	-	-	-	-	38,154,365	38,154,365
- debt instruments	-	-	-	-	1,752,592	12,724,977	-	14,477,569
Investment financial assets	-	-	7,160,041	-	13,551,403	7,997,655	-	28,709,099
Other financial assets	-	-	-	-	33,901	-	-	33,901
<b>Total assets</b>	<b>1,925,177</b>	<b>9,374,336</b>	<b>20,139,223</b>	-	<b>15,337,896</b>	<b>20,722,632</b>	<b>38,154,365</b>	<b>105,653,629</b>
<b>Non-derivative financial liabilities</b>								
Debt securities issued	(40,150,736)	-	-	-	-	-	-	(40,150,736)
Other financial liabilities	(186,386)	-	-	-	-	-	-	(186,386)
<b>Derivative liabilities</b>								
Net settled derivatives	-	-	-	(10,298,284)	-	-	-	(10,298,284)
<b>Total liabilities</b>	<b>(40,337,122)</b>	-	-	<b>(10,298,284)</b>	-	-	-	<b>(50,635,406)</b>
<b>Net liquidity gap on recognised financial assets and liabilities</b>	<b>(38,411,945)</b>	<b>9,374,336</b>	<b>20,139,223</b>	<b>(10,298,284)</b>	<b>15,337,896</b>	<b>20,722,632</b>	<b>38,154,365</b>	<b>55,018,223</b>
<b>Investment related commitments</b>	<b>(59,910,628)</b>	-	-	-	-	-	-	<b>(59,910,628)</b>



## 19 Capital management

The Group is not subject to externally imposed capital requirements.

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

## 20 Investment related commitments

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

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

	2020 '000 KZT	2019 '000 KZT
<b>Contracted amount</b>		
Kazakhstan Infrastructure Fund C.V.	24,170,029	21,969,569
Falah Growth Fund LP	16,725,947	15,203,203
CITIC-Kazyna Investment Fund LP	14,328,920	13,024,403
KCM Sustainable Development Fund I	5,824,324	2,145,578
VTB Capital Innovation Fund L.P.	2,628,955	-
Wolfenson Capital Partners LP	1,914,404	1,740,115
Macquarie Renaissance Infrastructure Fund	1,811,147	4,035,871
DBK Equity Fund C.V.	523,364	679,691
Islamic Infrastructure Fund Limited Partnership	470,275	427,461
ADM Kazakhstan Capital Restructuring Fund CV	385,448	350,356
Kazakhstan Growth Fund	274,958	249,926
Aureos Central Asia Fund LLC	92,914	84,455
	<b>69,150,685</b>	<b>59,910,628</b>

In accordance with the foundation agreements of the private equity funds, in case of failure to pay the amount of capital commitments after the manager issues a request for payment, certain sanctions may be applied against the Group including delaying the payment of interest, suspension of income distributions, suspension of rights to participate in the corporate management of funds and forced sale of the Group's share to co-investors or third parties. As at 31 December 2020 and 2019 the Group had no overdue investment commitments.

## 21 Leases

### Leases as lessee

The Group leases an item of property for a term of up to one year. This lease is a short-term lease, therefore the Group has elected not to recognise right-of-use assets and lease liabilities for this lease contracts.

During 2020, the Group recognised expense on operating leases of KZT 114,319 thousand (2019: KZT 108,081 thousand) within general and administrative expenses.

## 22 Credit related commitments

### (a) Insurance

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

**(b) Taxation contingencies**

The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

**23 Related party transactions**

**(a) Control relationship**

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

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

Total remuneration included in personnel expenses for the year ended 31 December 2020 and 2019 is as follows:

	2020 '000 KZT	2019 '000 KZT
Short term employee benefits	218,745	183,971

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

**(c) Transactions with other related parties**

*Transactions with government-related entities*

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



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

	Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	average effective interest rate	'000 KZT	average effective interest rate	
		interest rate		interest rate					
<b>Consolidated statement of financial position as at 31 December 2020</b>									
<b>Assets</b>									
Assets measured at fair value through profit or loss									
- <i>Investments in joint ventures</i>	46,929,140	-	-	-	-	-	-	-	46,929,140
- <i>Investments in associates</i>	-	-	31,164,044	-	-	-	-	-	31,164,044
- <i>Other financial assets</i>	491,292	10.0	469,526	10.0	3,119,229	12.0	-	-	4,080,047
Deferred tax asset	-	-	-	-	-	-	2,353,147	-	2,353,147
Current tax asset	-	-	-	-	-	-	1,295,775	-	1,295,775
<b>Liabilities</b>									
Derivative financial instruments	-	-	-	-	(12,145,034)	-	-	-	(12,145,034)
Debt securities issued	-	-	-	-	-	-	40,150,736	0.01	40,150,736
Other financial liabilities	-	-	-	-	(130,683)	-	-	-	(130,683)

	Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	
<b>Consolidated statement of profit or loss and other comprehensive income</b>									
Interest income	-	-	-	-	13,825	-	195,874	-	209,699
Interest expense	-	-	-	-	-	-	(4,015)	-	(4,015)
Net gain on assets measured at fair value through profit or loss	(551,556)	-	(4,023,742)	-	447,667	-	-	-	(4,127,631)
Net loss on investment financial assets	-	-	-	-	(290,941)	-	(202,894)	-	(493,835)
Net loss on financial derivatives	-	-	-	-	(1,030,473)	-	-	-	(1,030,473)
Net foreign exchange gain	-	-	-	-	(83,669)	-	1,196,105	-	1,112,436
General and administrative expenses	-	-	-	-	(114,319)	-	-	-	(114,319)
Income tax expense	-	-	-	-	-	-	(1,766,044)	-	(1,766,044)



Other related parties include state-controlled companies, national companies and subsidiaries of national companies. The outstanding balances and the related average effective interest rates as at 31 December 2019 and related profit or loss amounts of transactions for the year ended 31 December 2019 with other related parties are as follows:

	Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	
<b>Consolidated statement of financial position as at 31 December 2019</b>									
<b>Assets</b>									
Assets measured at fair value through profit or loss									
- <i>Investments in joint ventures</i>		47,465,606		-		-		-	47,465,606
- <i>Investments in associates</i>		-		33,476,165		-		-	33,476,165
- <i>Other financial assets</i>		480,681		361,863		2,671,563		12.0	3,514,107
Investment financial assets		-		-		6,821,528		6.5	20,295,065
Deferred tax asset		-		-		-		-	1,966,364
Current tax asset		-		-		-		-	1,746,295
<b>Liabilities</b>									
Derivative financial instruments		-		-		(10,298,284)		-	(10,298,284)
Debt securities issued		-		-		-		-	(40,150,736)
Other financial liabilities		-		-		(123,086)		-	(123,086)

	Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	
<b>Consolidated statement of profit or loss and other comprehensive income</b>									
Interest income	-	-	-	-	426,786	-	145,800	-	572,586
Interest expense	-	-	-	-	-	-	(7,062)	-	(7,062)
Net gain on assets measured at fair value through profit or loss	67,837	-	(722,474)	-	-	-	-	-	(654,637)
Dividend income	277,632	-	849,064	-	-	-	-	-	1,126,696
Net gain on financial derivatives	-	-	-	-	387,164	-	-	-	387,164
Net foreign exchange gain	-	-	-	-	(53,154)	-	(399,102)	-	(452,256)
General and administrative expenses	-	-	-	-	(110,831)	-	-	-	(110,831)
Income tax expense	-	-	-	-	-	-	(737,380)	-	(737,380)

The majority of balances resulting from transactions with related parties mature within one year. Transactions with related parties are not secured.



## **24 Fair values of financial instruments**

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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

For more complex instruments, such as investments in private equity funds, the Group uses annual audited financial statements and quarterly management reports of underlying investment funds which use proprietary valuation models. For determination of fair values of investments in private equity funds as at 31 December 2020 the Group engaged an independent valuation which also used proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include equity securities for which there is no active market.

**(a) Accounting classifications and fair values**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020:

	Financial instruments at fair value through profit or loss	Financial asset measured at amortised cost	Financial assets measured at FVOCI	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
<b>'000 KZT</b>						
<b>31 December 2020</b>						
<b>Financial assets measured at fair value</b>						
Debt securities	23,776,848	-	2,183,439	-	25,960,287	25,960,287
Equity securities	37,131,197	-	-	-	37,131,197	37,131,197
	<b>60,908,045</b>	-	<b>2,183,439</b>	-	<b>63,091,484</b>	<b>63,091,484</b>
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	-	16,586,480	-	-	16,586,480	16,586,480
Amounts due from credit institutions	-	30,609,539	-	-	30,609,539	30,609,539
Debt securities	-	1,978,614	-	-	1,978,614	2,580,122
Other financial assets	-	18,757	-	-	18,757	18,757
	-	<b>49,193,390</b>	-	-	<b>49,193,390</b>	<b>49,794,898</b>
<b>Financial liabilities measured at fair value</b>						
Cross currency and interest rate swap	12,145,034	-	-	-	12,145,034	12,145,034
	<b>12,145,034</b>	-	-	-	<b>12,145,034</b>	<b>12,145,034</b>
<b>Financial liabilities not measured at fair value</b>						
Debt securities issued	-	-	-	40,150,736	40,150,736	40,150,736
Other liabilities	-	-	-	210,072	210,072	210,072
	-	-	-	<b>40,360,808</b>	<b>40,360,808</b>	<b>40,360,808</b>



The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2019:

	Financial instruments at fair value through profit or loss	Financial asset measured at amortised cost	Financial assets measured at FVOCI	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
<b>'000 KZT</b>						
<b>31 December 2019</b>						
<b>Financial assets measured at fair value</b>						
Debt securities	14,477,569	-	27,136,102	-	41,613,671	41,613,671
Equity securities	38,154,365	-	-	-	38,154,365	38,154,365
	<b>52,631,934</b>	-	<b>27,136,102</b>	-	<b>79,768,036</b>	<b>79,768,036</b>
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	-	946,080	-	-	946,080	946,080
Amounts due from credit institutions	-	23,332,615	-	-	23,332,615	23,332,615
Debt securities	-	1,572,997	-	-	1,572,997	2,227,978
Other financial assets	-	33,901	-	-	33,901	33,901
	-	<b>25,885,593</b>	-	-	<b>25,885,593</b>	<b>26,540,574</b>
<b>Financial liabilities measured at fair value</b>						
Cross currency and interest rate swap	10,298,284	-	-	-	10,298,284	10,298,284
	<b>10,298,284</b>	-	-	-	<b>10,298,284</b>	<b>10,298,284</b>
<b>Financial liabilities not measured at fair value</b>						
Debt securities issued	-	-	-	40,150,736	40,150,736	40,150,736
Other liabilities	-	-	-	186,386	186,386	186,386
	-	-	-	<b>40,337,122</b>	<b>40,337,122</b>	<b>40,337,122</b>

**(b) Fair value hierarchy**

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuations. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

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

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

The table below analyses financial instruments measured at fair value at 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised: The amounts are based on the values recognised in the consolidated statement of financial position:

'000 KZT	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss				
- Investments in joint ventures	-	-	46,929,140	46,929,140
- Investments in associates	-	-	31,164,044	31,164,044
- Equity financial instruments	-	-	37,131,197	37,131,197
- Debt financial instruments	-	-	23,776,848	23,776,848
- Derivative liabilities	-	(12,145,034)	-	(12,145,034)
Investment financial assets	-	-		
- Debt financial instruments	2,183,439	-	-	2,183,439
	<u>2,183,439</u>	<u>(12,145,034)</u>	<u>139,001,229</u>	<u>129,039,634</u>



The table below analyses financial instruments measured at fair value at 31 December 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised: The amounts are based on the values recognised in the consolidated statement of financial position:

'000 KZT	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss	-	-		
- Investments in joint ventures	-	-	47,465,606	47,465,606
- Investments in associates	-	-	33,476,165	33,476,165
- Equity financial instruments	-	-	38,154,365	38,154,365
- Debt financial instruments	-	-	14,477,569	14,477,569
- Derivative liabilities	-	(10,298,284)	-	(10,298,284)
Investment financial assets				
- Debt financial instruments	27,136,102	-	-	27,136,102
	<b>27,136,102</b>	<b>(10,298,284)</b>	<b>133,573,705</b>	<b>150,411,523</b>

The following table shows a reconciliation for the year ended 31 December 2020 for fair value measurements in Level 3 of the fair value hierarchy:

'000 KZT	Joint ventures	Associates	Other financial assets
Balance at the beginning of the year	47,465,606	33,476,165	52,631,934
Net (loss)/gain from financial assets recognised in profit or loss	(632,667)	(4,131,406)	6,646,389
Transfers	-	3,882,000	(3,882,000)
Additions	96,201	1,415,652	13,554,288
Disposals	-	(3,478,367)	(8,042,566)
<b>Balance at the end of the year</b>	<b>46,929,140</b>	<b>31,164,044</b>	<b>60,908,045</b>

The following table shows a reconciliation for the year ended 31 December 2019 for fair value measurements in Level 3 of the fair value hierarchy:

'000 KZT	Investments in unconsolidated subsidiaries	Joint ventures	Associates	Other financial assets
Balance at beginning of the year	58,324,226	40,150,121	-	8,713,349
Net gain/(loss) from financial assets recognised in profit or loss	2,761,084	67,837	(722,474)	(1,050,594)
Transfers due to consolidation of subsidiaries	(61,390,678)	2,391,881	31,741,016	27,257,781
Additions	305,368	5,585,117	3,922,363	19,297,839
Disposals	-	(729,350)	(1,464,740)	(1,586,441)
<b>Balance at the end of the year</b>	<b>-</b>	<b>47,465,606</b>	<b>33,476,165</b>	<b>52,631,934</b>

The Group's investments in equity investments categorised as level 3 comprise holdings in investment funds. These funds invest primarily in private equity, through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly Kazakhstan and Russia). To determine the fair value of the Group's investments in these investment funds, the Group engaged an independent appraiser for the years ended 31 December 2020 and 31 December 2019. The approach followed by the appraiser was to estimate the fair value of the underlying portfolio investments (businesses) held by each fund, and then calculate the Group's share of this business value. As a cross check, the appraiser also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the appraised fair value and fair values reported by the managers.

A number of valuation techniques were used by the appraiser to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle.

The following table shows the most significant portfolio investments held by the investment funds, the valuation approach used to value these portfolio investments, and the sensitivity of the appraisers' fair value estimate to changes in key assumptions.



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

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

<b>Industry in which company operates</b>	<b>Fair value of Group's share</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable shift</b>	<b>Fair value measurement sensitivity to shifts in unobservable inputs</b>
Transport and logistics	3,407,435	Income approach	Discounted CF	+/- 5%	170,372
	1,890,507	Comparative approach	EBITDA/(multiplier)	+/- 5%	94,525
	1,177,882	Cost approach	Historical costs	+/- 5%	58,894
	735,156	Income approach	Discount rate	+1%	(14,032)
	108,513	Cost approach	Adjustment to NAV	+/- 5%	5,426
Real estate	3,256,349	Income approach	Discount rate	+1%	(94,154)
	240,000	Cost approach	Historical costs	+/- 5%	12,000
Processing industry	3,693,653	Income approach	Discount rate	+/- 5%	(130,696)
	3,359,088	Income approach	Discounted CF	+/- 5%	167,954
	2,664,825	Income approach	Discount rate	+1%	(99,408)
	2,635,469	Income approach	Discount rate	+1%	(55,842)
	2,367,153	Income approach	Discounted CF	+/- 5%	118,358
	1,241,292	Income approach	Discounted CF	+/- 5%	62,065
	1,117,303	Income approach	Discounted CF	+/- 5%	55,865
	196,197	Cost approach	Historical costs	+/- 5%	9,810



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

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Telecommunication services	40,416	Income approach	Discounted CF	+/- 5%	2,012
Financial services	10,495	Income approach	Discounted CF	+/- 5%	525
	1,403,642	Comparative approach	EBITDA/(multiplier)	+/- 5%	70,182
Entertainment	1,698,056	Comparative approach	EBITDA/(multiplier)	+/- 5%	84,903
	695,773	Comparative approach	EBITDA/(multiplier)	+/- 5%	34,789
Other	86,411	-	-	-	174,726
<b>Total</b>	<b>139,001,229</b>				



The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant investments including underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2019, together with a sensitivity analysis for shifts in these inputs which the Group considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	21,957,960	Black-Scholes option pricing models	Volatility rate	+/- 5%	1,097,898
	512,750	Comparative approach	EBITDA/(multiplier)	+/- 5%	25,638
	69,248	Income approach	Discounted CF	+/- 5%	3,462
Power engineering	23,014	Income approach	Discounted CF	+/- 5%	1,151
	5,135,379	Comparative approach	EBITDA/(multiplier)	+/- 5%	256,769
	4,242,000	Cost approach	Historical costs	+/- 5%	212,100
Alternative power engineering	140,995	Cost approach	Historical costs	+/- 5%	7,050

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Transport and logistics	40,150,121	Income approach	Discounted cash flows, measurement of put option	+/- 5%	2,007,506
	3,692,950	Income approach	Discounted CF	+/- 5%	184,648
	3,376,158	Comparative approach	EBITDA/(multiplier)	+/- 5%	168,808
	3,292,436	Comparative approach	EBITDA/(multiplier)	+/- 5%	164,622
	2,963,761	Cost approach	Historical costs	+/-5%	148,188
	1,624,724	Income approach	Discounted CF	+/- 5%	81,236
	781,988	Income approach	Discounted CF	+/- 5%	39,099
Real estate	1,208,257	Cost approach	Adjustment to NAV	+/- 5%	60,413
Processing industry	3,430,003	Cost approach	Historical costs	+/- 5%	171,500
	3,053,274	Income approach	Discounted CF	+/- 5%	152,664
	2,033,751	Income approach	Discounted CF	+/- 5%	101,688
	1,530,023	Income approach	Discounted CF	+/- 5%	76,501
	1,292,320	Income approach	Discounted CF	+/- 5%	64,616
	1,000,000	Cost approach	Historical costs	+/- 5%	50,000
	570,989	Cost approach	Historical costs	+/- 5%	28,549
	480,681	Income approach	Discounted CF	+/- 5%	24,034
	9,240	Cost approach	Adjustment to NAV	+/- 5%	462



Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Natural resources	907,276	Comparative approach	EBITDA/(multiplier)	+/- 5%	45,364
	1,641,482	Cost approach	Adjustment to NAV	+/- 5%	82,074
	1,517,983	Comparative approach	EBITDA/(multiplier)	+/- 5%	75,899
Medical diagnostics	172,103	Comparative approach	EBITDA/(multiplier)	+/- 5%	8,605
	100,000	Cost approach	Historical costs	+/- 5%	5,000
	7,837,137	Income approach	Discounted CF	+/- 5%	391,857
	2,139,191	Cost approach	Historical costs	+/- 5%	106,960
	1,585,000	Income approach	Discounted cash flows	+/- 5%	79,250
	1,332,746	Income approach	Discounted cash flows	+/- 5%	66,637
Agriculture	1,258,190	Cost approach	Historical costs	+/- 5%	62,910
	1,000,000	Cost approach	Historical costs	+/- 5%	50,000
	593,565	Cost approach	Historical costs	+/- 5%	29,678
	344,162	Cost approach	Historical costs	+/- 5%	17,208
	222,671	Cost approach	Historical costs	+/- 5%	11,134
Electrical industry	465,640	Income approach	Discounted CF	+/- 5%	23,282

Industry in which company operates	Fair value of Group's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Telecommunication services	291,105	Income approach	Discounted CF	+/- 5%	14,555
	93,577	Income approach	Discounted CF	+/- 5%	4,679
Financial services	1,069,144	Comparative approach	EBITDA/(multiplier)	+/- 5%	53,457
	166,299	Comparative approach	EBITDA/(multiplier)	+/- 5%	8,315
	71,277	Comparative approach	EBITDA/(multiplier)	+/- 5%	3,564
Entertainment	3,187,654	Comparative approach	EBITDA/(multiplier)	+/- 5%	159,383
	948,074	Comparative approach	EBITDA/(multiplier)	+/- 5%	47,404
Other	4,057,407	-	-	-	-
<b>Total</b>	<b>133,573,705</b>				



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

'000 KZT	Level 2	Total fair values	Total carrying amount
<b>Assets</b>			
Cash and cash equivalents	16,586,480	16,586,480	16,586,480
Amounts due from credit institutions	30,609,539	30,609,539	30,609,539
Investment financial assets	2,580,122	2,580,122	1,978,614
Other financial assets	18,757	18,757	18,757
Debt securities issued	(40,150,736)	(40,150,736)	(40,150,736)
Other financial liabilities	(210,072)	(210,072)	(210,072)

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2019:

'000 KZT	Level 2	Total fair values	Total carrying amount
<b>Assets</b>			
Cash and cash equivalents	946,080	946,080	946,080
Amounts due from credit institutions	23,332,615	23,332,615	23,332,615
Investment financial assets	2,227,978	2,227,978	1,572,997
Other financial assets	33,901	33,901	33,901
Debt securities issued	(40,150,736)	(40,150,736)	(40,150,736)
Other financial liabilities	(186,386)	(186,386)	(186,386)

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**Kazyna Capital Management JSC**  
Separate Financial Statements  
for the year ended 31 December 2020

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180 Dostyk Avenue, Almaty,  
A25D6T5, Kazakhstan,  
E-mail: company@kpmg.kz

## Independent Auditors' Report

To the Board of Directors of Kazyna Capital Management JSC

### **Opinion**

We have audited the separate financial statements of Kazyna Capital Management JSC (the "Company"), which comprise the separate statement of financial position as at 31 December 2020, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

### **Basis for Opinion**

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

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

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

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

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

«КПМГ Аудит» ЖШС, Қазақстан Республикасы заңнамасына сәйкес тіркелген компания, жауапкершілігі өз қатысушыларының кепілдіктерімен шектелген KPMG International Limited жекеше ағылшын компаниясының құрамына кіретін KPMG тәуелсіз фирмалары жаһандық ұйымының қатысушысы

KPMG Audit LLC, a company incorporated under the Laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.





## **Auditors' Responsibilities for the Audit of the Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

Magomedova M.M.  
Certified Auditor  
of the Republic of Kazakhstan  
Auditor's Qualification Certificate  
# МФ-0000594 of 24 May 2018

**KPMG Audit LLC**

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

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

1 March 2021



**Kazyna Capital Management JSC**  
*Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020*


	Note	2020 '000 KZT	2019 '000 KZT
Interest income calculated using the effective interest method	5	774,320	1,699,808
Net loss on revaluation of investments in subsidiaries measured at fair value through profit or loss	23	(536,540)	(180,841)
Net (loss)/income on derivative financial instruments		(1,030,473)	387,164
Dividend income	13	2,682,849	3,036,634
Net foreign exchange gain /(loss)	9	3,095,182	(377,627)
Net loss on investment financial assets		(458,455)	(577,367)
Other operating income, net		31,883	100,228
<b>Operating income</b>		<b>4,558,766</b>	<b>4,087,999</b>
(Charge)/reversal of impairment loss on debt financial assets	10	(17,685)	605,125
Personnel expenses	6	(451,537)	(379,972)
General and administrative expenses	7	(462,830)	(571,574)
<b>Profit before income tax</b>		<b>3,626,714</b>	<b>3,741,578</b>
Income tax expense	8	(1,094,379)	(384,540)
<b>Profit for the year</b>		<b>2,532,335</b>	<b>3,357,038</b>
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Revaluation reserve for investment financial assets:			
- Net change in fair value, net of income tax		183,383	707,399
- Net change in fair value transferred to profit or loss		73,565	223,207
<b>Other comprehensive income for the year, net of income tax</b>		<b>256,948</b>	<b>930,606</b>
<b>Total comprehensive income for the year</b>		<b>2,789,283</b>	<b>4,287,644</b>

The separate financial statements as set out on pages 6 to 57 were approved by management on 1 March 2021 and were signed on its behalf by:



\_\_\_\_\_  
**Gulnara Makanalina**  
*Deputy Chairman*  
*of the Management Board*





\_\_\_\_\_  
**Raukhan Kutybayeva**  
*Chief Accountant*

**Kazyna Capital Management JSC**  
*Separate Statement of Financial Position as at 31 December 2020*

	Note	2020 '000 KZT	2019 '000 KZT
<b>ASSETS</b>			
Cash and cash equivalents	11	10,654,679	192,996
Amounts due from credit institutions	12	19,516,275	9,374,336
Investments in subsidiaries measured at fair value through profit or loss	13	115,787,668	108,107,693
Financial assets at fair value through profit or loss		10,607	15,807
Investment financial assets	14	4,162,053	28,709,099
Current tax asset		1,107,538	1,583,744
Property, plant and equipment and intangible assets		16,070	23,185
Deferred tax asset	8	2,348,696	1,967,201
Other assets		28,167	42,089
<b>Total assets</b>		<b>153,631,753</b>	<b>150,016,150</b>
<b>LIABILITIES</b>			
Financial instruments at fair value through profit or loss	15	12,145,034	10,298,284
Other liabilities		156,723	81,758
<b>Total liabilities</b>		<b>12,301,757</b>	<b>10,380,042</b>
<b>EQUITY</b>			
Share capital	16	87,440,000	87,440,000
Revaluation reserve for investment financial assets		18,676	(238,272)
Retained earnings		53,871,320	52,434,380
<b>Total equity</b>		<b>141,329,996</b>	<b>139,636,108</b>
<b>Total liabilities and equity</b>		<b>153,631,753</b>	<b>150,016,150</b>

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



**Kazyna Capital Management JSC**  
*Separate Statement of Cash Flows for the year ended 31 December 2020*

	<b>2020</b>	<b>2019</b>
	<b>'000 KZT</b>	<b>'000 KZT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest income	775,579	1,727,247
Personnel expenses paid	(424,413)	(428,220)
Other general administrative expenses (payments)	(410,676)	(748,398)
<b>(Increase)/decrease in operating assets</b>		
Purchase of investment financial assets	-	(18,323,442)
Sale and repayment of investment financial assets	25,873,946	35,377,047
Amounts due from credit institutions	(10,481,504)	8,918,845
<b>Increase in operating liabilities</b>		
Financial instruments at fair value through profit or loss	816,278	816,278
<b>Net cash flow from operating activities before income tax</b>	<b>16,149,210</b>	<b>27,339,357</b>
Income tax paid	(999,668)	(2,276,207)
<b>Net cash flow from operating activities</b>	<b>15,149,542</b>	<b>25,063,150</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in subsidiaries measured at fair value through profit or loss	(8,216,515)	(29,905,839)
Dividends received	2,682,849	3,036,634
Purchases of property, plant and equipment and intangible assets	(1,000)	(10,612)
<b>Net cash flow used in investing activities</b>	<b>(5,534,666)</b>	<b>(26,879,817)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid (Note 16(b))	(1,095,395)	(1,102,490)
<b>Net cash used in financing activities</b>	<b>(1,095,395)</b>	<b>(1,102,490)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,519,481</b>	<b>(2,919,157)</b>
Cash and cash equivalents at the beginning of the year	192,996	2,671,010
Effect of changes in exchange rates on cash and cash equivalents	1,942,202	441,143
<b>Cash and cash equivalents at the end of year (Note 11)</b>	<b>10,654,679</b>	<b>192,996</b>

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

**Kazyna Capital Management JSC**  
*Separate Statements of Changes in Equity for the year ended 31 December 2020*

	Share capital	Revaluation reserve for changes in fair value of securities	Retained earnings	Total
<b>Balance at 1 January 2020</b>	<b>87,440,000</b>	<b>(238,272)</b>	<b>52,434,380</b>	<b>139,636,108</b>
<b>Total comprehensive income</b>				
Profit for the year	-	-	2,532,335	2,532,335
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
- Net change in fair value, net of income tax	-	183,383	-	183,383
- Net change in fair value transferred to profit or loss	-	73,565	-	73,565
Total other comprehensive income	-	256,948	-	256,948
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>256,948</b>	<b>2,532,335</b>	<b>2,789,283</b>
<b>Transactions with owners</b>				
recorded directly in equity				
Dividends declared and paid (Note 16(b))	-	-	(1,095,395)	(1,095,395)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(1,095,395)</b>	<b>(1,095,395)</b>
<b>Balance at 31 December 2020</b>	<b>87,440,000</b>	<b>18,676</b>	<b>53,871,320</b>	<b>141,329,996</b>

'000 KZT

Balance at 1 January 2020

Total comprehensive income

Profit for the year

Other comprehensive income

*Items that are or may be reclassified subsequently to profit or loss:*

- Net change in fair value, net of income tax

- Net change in fair value transferred to profit or loss

Total other comprehensive income

Total comprehensive income for the year

Transactions with owners

recorded directly in equity

Dividends declared and paid (Note 16(b))

Total transactions with owners

Balance at 31 December 2020

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



**Kazyna Capital Management JSC**  
*Separate Statements of Changes in Equity for the year ended 31 December 2020*

	Share capital	Revaluation reserve for changes in fair value of securities	Retained earnings	Total
	87,440,000	(1,168,878)	50,179,832	136,450,954
	-	-	3,357,038	3,357,038
	-	707,399	-	707,399
	-	223,207	-	223,207
	-	930,606	-	930,606
	-	930,606	3,357,038	4,287,644
	-	-	(1,102,490)	(1,102,490)
	-	-	(1,102,490)	(1,102,490)
	87,440,000	(238,272)	52,434,380	139,636,108

'000 KZT

Balance at 1 January 2019

Total comprehensive income

Profit for the year

Other comprehensive income

*Items that are or may be reclassified subsequently to profit or loss:*

- Net change in fair value, net of income tax

- Net change in fair value transferred to profit or loss

Total other comprehensive loss

Total comprehensive income for the year

Transactions with owners

recorded directly in equity

Dividends declared and paid (Note 16(b))

Total transactions with owners

Balance at 31 December 2019

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

## 1 Reporting entity

### (a) Organisation and operations

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

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

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

The principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Ownership interest, %	
			2020	2019
Baiterek Venture Fund JSC*	Kazakhstan	Investment in private equity projects	100.00	100.00
BV Management LLP**	Kazakhstan	Investment portfolio management	100.00	100.00
Kazyna Seriktes B.V.*** KCM Sustainable Development Fund C.V. I (subsidiary of Kazyna Seriktes B.V.)****	The Netherlands	Investments in funds	100.00	100.00
	The Netherlands	Investments in funds	100.00	100.00

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

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

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

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

As at 31 December 2020, the Company has determined that under IFRS 10 Kazakhstan Infrastructure Fund C.V. with 95% ownership is not a subsidiary since the Company does not have control over Kazakhstan Infrastructure Fund C.V. As at 31 December 2019, Kazakhstan Infrastructure Fund C.V. with 95% ownership was not also a subsidiary of the Company.



During 2019 the Company launched a new program of concessionary financing, as part of which the loans are issued that bear a nominal interest rate of up to 8% per annum and have maturity of up to 10 years. In the context of a new approved program the Group has amended the investment policy, under which the Group invests in those projects that promote development of the priority sectors of the economy. Thus, the Company ceased to meet the definition of an investment entity according to IFRS 10.

**(b) Kazakhstan and CIS business environment**

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

In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. The World Health Organization declared on 11 March 2020 the coronavirus (COVID-19) outbreak a pandemic. Responding to the potentially serious threat the COVID-19 presents to public health, for the purpose of protection of life and health of the citizens, the Government of the Republic of Kazakhstan, pursuant to the legislation of the Republic of Kazakhstan, has imposed state of emergency throughout the Republic of Kazakhstan for the period from 16 March 2020 to 12 May 2020. During the state of emergency period, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

Due to business disruption and lockdown in many countries, global oil demand has drastically decreased leading to oversupply and sharp fall in oil prices. On 12 April 2020, major global oil producers including Kazakhstan agreed to a record cut in crude oil production for stabilizing the oil market, which, however, has not been able to reverse the downward pressure on the oil market. Sharp decrease in oil prices and production volumes results in corresponding decrease of oil producers' income and payments to the republican budget, which is likely to have major economic and social consequences and unavoidably affect public sector spending.

To continue as a going concern, the Company keeps carrying out its operations using a remote access and takes measures to protect health of the employees working on site, including provision of the individual protective devices, observance of distancing regime, and disinfection of the Company's premises.

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

## **2 Basis of accounting**

**(a) Statement of compliance**

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

The Company also prepared consolidated financial statements for the year ended 31 December 2020 in accordance with IFRS that can be obtained from the Company's registered office at 55A Mangilik El Avenue, Yessil District, Nur-Sultan, Republic of Kazakhstan.

**(b) Functional and presentation currency**

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

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



**(c) Use of estimates and judgments**

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

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

**Judgements**

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

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3(e)(i);
- loss of the status of investment entity in 2019 - Note 1(a);
- status of an entity specialising in venture investments in accordance with IAS 28 - Note 3(a)(i) and Note 13.

**Assumptions and estimations uncertainty**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is included in the following notes:

- determining fair value of investments in subsidiaries and financial instruments measured at fair value through profit or loss – Notes 13 and 23.

### **3 Significant accounting policies**

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

**(a) Entity specialising in venture investments**

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

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

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**(b) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.



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

**(c) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the separate statement of financial position.

**(d) Interest income**

***Effective interest rate***

Interest income was recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

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

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

***Amortised cost and gross carrying amount***

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

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

***Calculation of interest income***

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

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

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

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



### **Presentation**

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

#### **(e) Financial assets and financial liabilities**

##### **(i) Classification**

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

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

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

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

#### **Business model assessment**

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;



- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

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

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

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

#### *Non-recourse loans*

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

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

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

#### **Reclassification**

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



**(ii) Derecognition**

**Financial assets**

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

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

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

**Financial liabilities**

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

**(iii) Modification of financial assets and financial liabilities**

**Financial assets**

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

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

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

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

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

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

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



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

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

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

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

### **Financial liabilities**

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

The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors.

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

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

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

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

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

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



**(iv) Impairment**

See also Note 4.

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

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 4).

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

***Measurement of ECL***

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows.

***Restructured financial assets***

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the issuer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

An instrument that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a financial instrument that is overdue for 90 days or more is considered impaired.

***Presentation of allowance for expected credit losses in the separate statement of financial position***

Loss allowances for expected credit losses are presented in the separate statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the separate statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

***Write-offs***

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**Objective evidence of impairment**

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets was 'impaired' when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.

Objective evidence that financial assets were impaired included:

- significant financial difficulty of the issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that an issuer would enter bankruptcy;
- the disappearance of an active market for a security.

A financial asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

**(f) Embedded derivatives**

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

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

**(g) Investments in subsidiaries**

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

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

Methods used to determine the fair value of investments in controlled subsidiaries are disclosed in Note 23.

**(h) Property, plant and equipment**

**(i) Recognition**

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

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

**(ii) Depreciation**

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

- Vehicles	-	8 to 10 years;
- Computer software	-	3 to 8 years;
- Other	-	2 to 10 years.

**(i) Intangible assets**

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

**(j) Share capital**

**(i) Ordinary shares**

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

**(ii) Dividends**

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

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



**(k) Taxation**

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

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

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

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

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

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

**(l) Investment related commitments**

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

**(m) Lease**

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

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

**As a lessee**

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

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

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

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



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

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

**(n) New standards and interpretations not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application if permitted. However, the Company has not early adopted the new or amended standards in preparing these separate financial statements.

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

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *IFRS 17 Insurance Contracts.*

## 4 Financial risk review

This note presents information about the Company's exposure to financial risks. For information on the Company's financial risk management framework, see Note 17.

### Credit risk - Amounts arising from ECL

#### Inputs, assumptions and techniques used for estimating impairment

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

#### Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

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

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

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



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

#### *Generating the term structure of PD*

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects default information about its credit risk exposures analysed by type of product and issuer as well as by credit risk grading.

#### *Determining whether credit risk has increased significantly*

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

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

Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

#### *Definition of default*

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Company. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

#### *Incorporating of forward-looking information*

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



### *Modified financial assets*

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

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

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

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

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

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

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

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

### *Measurement of ECL*

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

PD estimates are estimates at a certain date of ratios exposed to credit risk. These estimates are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used by the Company to derive the PD. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.



Exposure at default represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

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

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

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

	Carrying amount as at 31 December 2020	External benchmarks used	
		PD	LGD
Cash and cash equivalents	10,654,679		S&P recovery studies/
Amounts due from credit institutions	19,516,275	S&P's default study	For exposures within Kazakhstan, LGD is based on historical recoveries from defaulted financial institutions
Investment financial assets	4,162,053		

### Credit quality analysis

The following table provides information on the credit quality of financial assets measured at amortised cost and at fair value through other comprehensive income as at 31 December 2020 and 31 December 2019. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

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

'000 KZT	31 December 2019		
	12-month expected credit losses (ECL)	Lifetime ECL for credit-impaired assets	Total
<b>Cash and cash equivalents</b>			
- rated from BBB- to BBB+	107,788	-	107,788
- rated from BB- to BB+	22,356	-	22,356
- rated from B- to B+	633	-	633
- not rated (Citibank Kazakhstan JSC)	62,219	-	62,219
<b>Carrying amount</b>	<b>192,996</b>	<b>-</b>	<b>192,996</b>

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

<b>31 December 2019</b>			
'000 KZT	<b>12-month expected credit losses (ECL)</b>	<b>Lifetime ECL for credit-impaired assets</b>	<b>Total</b>
<i>Amounts due from credit institutions</i>			
- rated from BBB- to BBB+	9,374,336	-	9,374,336
- rated D	-	8,912,991	8,912,991
	<b>9,374,336</b>	<b>8,912,991</b>	<b>18,287,327</b>
Loss allowance	-	(8,912,991)	(8,912,991)
<b>Carrying amount</b>	<b>9,374,336</b>	<b>-</b>	<b>9,374,336</b>

'000 KZT	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>12-month expected credit losses (ECL)</b>	<b>12-month expected credit losses (ECL)</b>
<i>Investment financial assets at FVOCI</i>		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	3,136,787
Corporate bonds rated from BB- to BB+	2,183,439	23,999,315
	<b>2,183,439</b>	<b>27,136,102</b>
Loss allowance	(8,314)	(24,986)
<b>Gross carrying amount</b>	<b>2,178,492</b>	<b>27,440,284</b>
<b>Carrying amount</b>	<b>2,183,439</b>	<b>27,136,102</b>

'000 KZT	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>POCI (Impaired on initial recognition)</b>	<b>POCI (Impaired on initial recognition)</b>
<i>Investment financial assets measured at amortised cost</i>		
- rated from B- to B+	1,978,614	1,572,997
<b>Carrying amount</b>	<b>1,978,614</b>	<b>1,572,997</b>



## 5 Interest income calculated using the effective interest method

	2020 '000 KZT	2019 '000 KZT
Investment financial assets	716,122	1,372,071
Amounts due from credit institutions	39,703	213,165
Cash and cash equivalents	18,495	114,572
	<b>774,320</b>	<b>1,699,808</b>

## 6 Personnel expenses

	2020 '000 KZT	2019 '000 KZT
Employee compensation	418,459	346,719
Payroll related taxes	33,078	33,253
	<b>451,537</b>	<b>379,972</b>

## 7 General and administrative expenses

	2020 '000 KZT	2019 '000 KZT
Professional services	160,451	124,695
Other third parties services	95,892	57,261
Outsourcing	84,753	96,040
Operating lease expense	78,224	78,246
Transportation services	13,000	14,794
Depreciation and amortisation	8,096	6,804
Training costs	3,526	17,847
Business travel	1,941	23,245
Charity and sponsorship	-	120,000
Other	16,947	32,642
	<b>462,830</b>	<b>571,574</b>

## 8 Income tax expense

	2020 '000 KZT	2019 '000 KZT
Current income tax expense	1,038,847	450,858
Current tax expense underprovided in prior years	437,027	-
Movement in deferred tax assets/deferred tax liabilities due to origination and reversal of temporary differences and movement in valuation allowance	(381,495)	(66,318)
<b>Total income tax expense</b>	<b>1,094,379</b>	<b>384,540</b>

In 2020, the applicable tax rate for current and deferred tax was 20% (2019: 20%).

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

	2020 '000 KZT	%	2019 '000 KZT	%
<b>Profit before income tax</b>	<b>3,626,714</b>	<b>100</b>	<b>3,741,578</b>	<b>100</b>
Income tax at the applicable tax rate	725,343	20	748,316	20
Non-taxable loss on securities	29,880	1	141,728	4
Income from offshore entities	-	-	119,701	3
Other non-deductible expenses	1,293	-	65,116	2
Non-taxable income from reversal of debt financial assets	(3,537)	-	(121,025)	(4)
Non-taxable income on investments in subsidiaries measured at fair value through profit or loss	(95,627)	(3)	(569,296)	(15)
Current tax expense underprovided in prior years	437,027	12	-	-
	<b>1,094,379</b>	<b>30</b>	<b>384,540</b>	<b>10</b>

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2020 and 2019.

**Deferred tax assets and liabilities**

Movements in temporary differences during the years ended 31 December 2020 and 2019 are presented as follows:

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

2019 '000 KZT	Balance at 1 January 2019	Recognised in profit or loss	Balance at 31 December 2019
Property, plant and equipment and intangible assets	66	(240)	(174)
Financial liabilities at fair value through profit or loss	1,875,427	85,823	1,961,250
Other liabilities	25,390	(19,265)	6,125
	<b>1,900,883</b>	<b>66,318</b>	<b>1,967,201</b>

**9 Net foreign exchange gain/(loss)**

	2020 '000 KZT	2019 '000 KZT
Unrealised foreign exchange gain/(loss)	3,106,277	(441,805)
Realised foreign exchange (loss)/gain	(11,095)	64,178
	<b>3,095,182</b>	<b>(377,627)</b>



## 10 (Charge)/reversal of impairment loss on debt financial assets

Charge of impairment losses with regard to debt financial assets comprises reversal of allowance for expected credit losses on amounts due from credit institutions of KZT 34,357 thousand (2019: establishment of allowance of KZT 533,546 thousand) and charge of allowance for expected credit losses on investment financial assets in the amount of KZT 52,042 thousand (2019: reversal of allowance in the amount of KZT 71,579 thousand).

## 11 Cash and cash equivalents

	2020 '000 KZT	2019 '000 KZT
<b>Current accounts with other banks</b>		
- rated from BBB- to BBB+	10,169,739	107,788
- rated from BB- to BB+	453,697	22,356
- rated from B- to B+	-	633
- not rated (Citibank Kazakhstan JSC)	31,243	62,219
	<b>10,654,679</b>	<b>192,996</b>

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

## 12 Amounts due from credit institutions

	2020 '000 KZT	2019 '000 KZT
- rated from BBB- to BBB+	-	9,374,336
- rated from BB to BB+	19,636,281	-
- rated D	9,718,661	8,912,991
<b>Total amounts due from credit institutions</b>	<b>29,354,942</b>	<b>18,287,327</b>
Loss allowance for expected credit losses	(9,838,667)	(8,912,991)
<b>Amounts due from credit institutions, net of allowance for expected credit losses</b>	<b>19,516,275</b>	<b>9,374,336</b>

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

### Movement in loss allowance for expected credit losses

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

	For the year ended 31 December 2020		
	12-month expected credit losses (ECL)	Lifetime ECL for credit-impaired assets	Total '000 KZT
Balance at the beginning of the reporting period	-	8,912,991	8,912,991
Net movement in loss allowance	123,607	(89,250)	34,357
Foreign exchange difference	(3,601)	894,920	891,319
<b>Balance at the end of the reporting period</b>	<b>120,006</b>	<b>9,718,661</b>	<b>9,838,667</b>

	<b>For the year ended 31 December 2019</b>		
	<b>12-month expected credit losses (ECL)</b>	<b>Lifetime ECL for credit-impaired assets</b>	<b>Total '000 KZT'</b>
Balance at the beginning of the reporting period	97,625	9,387,860	9,485,485
Net movement in loss allowance	(97,625)	(435,921)	(533,546)
Foreign exchange difference	-	(38,948)	(38,948)
<b>Balance at the end of the reporting period</b>	<b>-</b>	<b>8,912,991</b>	<b>8,912,991</b>

As at 31 December 2020 the Company considers the amounts due from Kazinvestbank JSC for the amount of KZT 5,090,756 thousand, Delta Bank JSC for the amount of KZT 4,627,905 thousand as credit-impaired (as at 31 December 2019: KZT 4,706,415 thousand, KZT 4,206,576 thousand, respectively). In respect of these balances, the Company recognises allowance for lifetime expected credit losses for the total amount of KZT 9,718,661 thousand (31 December 2019: KZT 8,912,991 thousand).

### 13 Investments in subsidiaries measured at fair value through profit or loss

	<b>2020 '000 KZT</b>	<b>Ownership, %</b>	<b>2019 '000 KZT</b>	<b>Ownership, %</b>
Kazyna Seriktes B.V.	69,112,447	100.0	65,762,360	100.0
Baiterek Venture Fund JSC	46,516,629	100.0	42,203,737	100.0
BV Management LLP	158,592	100.0	141,596	100.0
	<b>115,787,668</b>		<b>108,107,693</b>	

As at 31 December 2020 and 31 December 2019, the assets of Kazyna Seriktes B.V. were mainly comprised of unquoted equity investments in the following investment funds:

	<b>2020 '000 KZT</b>	<b>Ownership, %</b>	<b>2019 '000 KZT</b>	<b>Ownership, %</b>
<b>Fair value of unquoted equity investments in investment funds</b>				
Kazakhstan Infrastructure Fund C.V.	23,784,515	95.2	20,003,556	95.2
CITIC-KAZYNA Investment L.P.	12,765,537	49.9	14,129,220	49.9
KCM Sustainable Development Fund I*	16,170,202	100.0	8,215,796	-
Kazakhstan Growth Fund L.P.	7,410,835	49.5	11,845,214	49.5
ADM KCRF L.P.	3,604,038	49.5	4,989,676	49.5
VTB Capital 12BF Innovation Fund L.P. (former Russia-Kazakhstan Fund of Nanotechnologies)	1,664,348	49.0	1,850,814	49.0
Wolfenson Capital Partners L.P.	1,429,084	9.9	1,701,273	9.9
MRIF CASP C.V.	587,741	9.1	787,492	9.1
Falah Growth Fund L.P.	346,719	10.0	666,512	10.0
DBK Equity Fund	591,572	3.0	590,633	3.0
Islamic Infrastructure Fund Limited Partnership	39,204	1.3	339,785	1.3
	<b>68,393,795</b>		<b>65,119,971</b>	

\* investment in a subsidiary accounted for at fair value through profit or loss.

Dividend income for the years ended 31 December 2020 and 31 December 2019 includes income received from the following investments:

	<b>2020 '000 KZT</b>	<b>2019 '000 KZT</b>
Kazyna Seriktes B.V.	2,639,555	3,027,013
BV Management LLP	43,294	9,621
	<b>2,682,849</b>	<b>3,036,634</b>



***Loss of investment entity status***

In 2019, the Company launched a new preferential financing programme (through the Company's subsidiaries) that provides loans with a nominal interest rate of up to 8% p.a. and maturity of up to 10 years. The Company amended its investment policy in accordance with the newly approved programme, under which the Company makes investments in projects that encourage development of priority sectors (Note 1). Therefore, the Company does no longer meet the definition of an investment entity under IFRS 10.

***Entity specialised in venture capital investment***

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

**14 Investment financial assets**

	31 December 2020 '000 KZT	31 December 2019 '000 KZT
<b>Investment debt instruments measured at fair value through other comprehensive income</b>		
- <b>Government bonds</b>		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	3,136,787
<b>Total government bonds</b>	-	3,136,787
- <b>Corporate bonds</b>		
rated from BB- to BB+	-	10,336,750
<b>Total corporate bonds</b>	-	10,336,750
- <b>Corporate bonds of banks</b>		
rated from BB- to BB+	2,183,439	13,662,565
<b>Total corporate bonds of banks</b>	2,183,439	13,662,565
<b>Total investment debt instruments measured at fair value through other comprehensive income</b>	2,183,439	27,136,102
	31 December 2020 '000 KZT	31 December 2019 '000 KZT
<b>Investment financial assets measured at amortised cost (POCI-assets)</b>		
Bonds of First Heartland Jusan Bank JSC (former, Tsesnabank JSC)	1,978,614	1,572,997
<b>Total bonds</b>	1,978,614	1,572,997
<b>Total investment assets</b>	4,162,053	28,709,099

**15 Financial liabilities measured at fair value through profit or loss**

	2020 '000 KZT	2019 '000 KZT
Derivative financial instruments	12,145,034	10,298,284
	12,145,034	10,298,284

During 2015, the Company entered into a cross currency swap with Development Bank of Kazakhstan with maturity in 2022 to deliver USD 50,000 thousand in exchange for KZT 9,382,500 thousand. The Company received 8.7% p.a. interest prepayment of KZT 816,278 thousand. By the decision of the Board of Directors No.8/20 dated 15 July 2020, a transaction was entered into to prolong a currency swap contract with Development Bank of Kazakhstan for a period not exceeding 24 months. As at 31 December 2020 the fair value of this swap was KZT 12,145,034 thousand (31 December 2019: KZT 10,298,284 thousand).

To determine the fair value of this swap in 2020, management used 10.82% for KZT leg and 1.67% for USD leg (2019: 9.64% for KZT leg and 1.75% for USD leg) based on the observable market data information. The fair value of this swap is categorised into Level 2 of the fair value hierarchy.

## 16 Share capital and reserves

### (a) Issued capital

	Ordinary shares			
	Number of shares		Cost, '000 KZT	
	2020	2019	2020	2019
In issue at 1 January	53,550,000	53,550,000	87,440,000	87,440,000
<b>In issue at 31 December, fully paid</b>	<b>53,550,000</b>	<b>53,550,000</b>	<b>87,440,000</b>	<b>87,440,000</b>

As at 31 December 2020 the authorised share capital comprises 55,000,000 ordinary shares (31 December 2019: 55,000,000). The issued and paid share capital comprises 53,550,000 ordinary shares (2019: 53,550,000). The shares have no nominal value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general Company's shareholders meetings.

### (b) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's separate financial statements prepared in accordance with IFRS or profit for the year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the entity's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date, total distributable reserves amounted to KZT 53,871,320 thousand (31 December 2019: KZT 52,434,380 thousand).

In 2020 the Company declared and distributed dividends for 2019 financial year in the amount of KZT 1,095,395 thousand or KZT 20.5 per one ordinary share (2019: KZT 1,102,490 thousand or KZT 20.6 per one ordinary share).

## 17 Financial risk management

Management of risk is fundamental to the Company's business and forms an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

### (a) Risk management policies and procedures

The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and emerging best practice.



The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing risk management policies and procedures as well as approving significantly large exposures. The Management Board of the Company is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company operates within the established risk parameters. Head of Risk Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the President and indirectly to the Board of Directors.

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

**(b) Market risk**

Market risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

The table below shows average effective interest rates for interest-bearing assets and liabilities as at 31 December 2020 and 31 December 2019:

*Average effective interest rates*

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

	2020		2019	
	Average effective interest rate		Average effective interest rate	
	KZT	USD	KZT	USD
<b>Interest-bearing assets</b>				
Cash and cash equivalents	7.0	0.2	7.3	1.0
Amounts due from credit institutions	8.5	2.51	-	1.7
Investment financial assets	18.0	7.3	18.0	5.8

An analysis of sensitivity of net profit or loss and equity as a result of changes in the fair value of investment financial assets due to changes in the interest rates based on positions existing as at 31 December 2020 and 2019 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves is as follows:

	2020		2019	
	Profit or loss	Equity	Profit or loss	Equity
	'000 KZT	'000 KZT	'000 KZT	'000 KZT
00 bp parallel fall	-	137,383	-	438,735
00 bp parallel rise	-	(133,896)	-	(521,410)

**(ii) Currency risk**

The Company has assets and liabilities denominated in several foreign currencies. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

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

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

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2019:

	USD '000 KZT	KZT '000 KZT	Total '000 KZT
<b>ASSETS</b>			
Cash and cash equivalents	56,351	136,645	192,996
Amounts due from credit institutions	9,374,336	-	9,374,336
Investment financial assets	27,136,102	1,572,997	28,709,099
Other financial assets	-	33,901	33,901
<b>Total financial assets</b>	<b>36,566,789</b>	<b>1,743,543</b>	<b>38,310,332</b>
<b>LIABILITIES</b>			
Derivative financial instruments	-	(551,284)	(551,284)
Other financial liabilities	-	(40,409)	(40,409)
<b>Total financial liabilities</b>	<b>-</b>	<b>(591,693)</b>	<b>(591,693)</b>
<b>Net position</b>	<b>36,566,789</b>	<b>1,151,850</b>	<b>37,718,639</b>
Derivative financial instruments	(19,129,500)	9,382,500	(9,747,000)
<b>Net position after derivative financial instruments</b>	<b>17,437,289</b>	<b>10,534,350</b>	<b>27,971,639</b>

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2020 and 2019, would have increased equity and profit or loss by the amounts shown below. This analysis is on a net-of-tax basis, and is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2020 '000 KZT	2019 '000 KZT
20% appreciation of USD against KZT	1,725,035	2,789,966

A strengthening of the KZT against the above currencies at 31 December 2020 and 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.



**(c) Other price risk**

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

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

The Company mainly relies on the management of the private equity funds in mitigation of the price risk. The management of the private equity funds moderates this risk through careful selection and review of the business and operational matters before the investment decision are implemented. They also maintain regular contact with the management of the underlying companies. The performance of the management of the private equity funds are reported to the Company quarterly basis. As at 31 December 2020, these reports on performance of the private equity funds management for the 3rd quarter of 2020 are available to the Company.

The Company's profit and loss and equity is affected by changes in the fair value of its investments in private equity funds. For example, a 10% increase in the equity prices of the funds, would increase profit or loss and equity by KZT 11,562,908 thousand for the year ended 31 December 2020 (2019: KZT 10,796,610 thousand). A 10% decrease in these prices would have an equal and opposite effect.

**(d) Credit risk**

Credit risk the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of an Investment Committee to actively monitor credit risk. The investment policy is reviewed and approved by the Management Board.

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

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

	2020 '000 KZT	2019 '000 KZT
<b>ASSETS</b>		
Cash and cash equivalents	10,654,679	192,996
Amounts due from credit institutions	19,516,275	9,374,336
Investment financial assets	4,162,053	28,709,099
Other financial assets	18,759	33,901
<b>Total maximum exposure</b>	<b>34,351,766</b>	<b>38,310,332</b>

**(e) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched, since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due.

The liquidity policy is reviewed and approved by the Management Board.

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

The amount of these calls may exceed the available cash and cash equivalents at any point in time.

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

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

The following tables show the maturity profile of the Company's financial liabilities as at 31 December 2019 based on contractual undiscounted payments:

'000 KZT	<b>Demand and less than 1 month</b>	<b>From 1 to 5 years</b>	<b>Total gross inflow/ (outflow)</b>	<b>Carrying amount</b>
<b>Non-derivative liabilities</b>				
Other financial liabilities	(40,409)	-	(40,409)	(40,409)
<b>Derivative liabilities</b>				
Gross settled derivative liabilities				
Outflow	-	(19,129,500)	(19,129,500)	(10,298,284)
Inflow	-	9,382,500	9,382,500	-
<b>Total liabilities</b>	<b>(40,409)</b>	<b>(9,747,000)</b>	<b>(9,787,409)</b>	<b>(10,338,693)</b>
<b>Investment related commitments</b>	<b>(59,910,628)</b>	<b>-</b>	<b>(59,910,628)</b>	<b>-</b>

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



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

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

(e) **Liquidity risk, continued**

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled as at 31 December 2019:

'000 KZT	Demand and						Carrying amount
	less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	
<b>Non-derivative financial assets</b>							
Cash and cash equivalents	192,996	-	-	-	-	-	192,996
Amounts due from credit	-	9,374,336	-	-	-	-	9,374,336
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment financial assets	-	-	7,160,041	-	13,551,403	7,997,655	15,807
Other financial assets	-	-	-	-	33,901	-	-
<b>Total assets</b>	<b>192,996</b>	<b>9,374,336</b>	<b>7,160,041</b>	<b>-</b>	<b>13,585,304</b>	<b>7,997,655</b>	<b>38,326,139</b>
<b>Non-derivative financial liabilities</b>							
Other financial liabilities	(40,409)	-	-	-	-	-	(40,409)
<b>Derivative liabilities</b>							
Net settled derivatives	-	-	-	(10,298,284)	-	-	(10,298,284)
<b>Total liabilities</b>	<b>(40,409)</b>	<b>-</b>	<b>-</b>	<b>(10,298,284)</b>	<b>-</b>	<b>-</b>	<b>(10,338,693)</b>
<b>Net liquidity gap on recognised financial assets and liabilities</b>	<b>152,587</b>	<b>9,374,336</b>	<b>7,160,041</b>	<b>(10,298,284)</b>	<b>13,585,304</b>	<b>7,997,655</b>	<b>27,987,446</b>
<b>Investment related commitments</b>	<b>(59,910,628)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(59,910,628)</b>



## 18 Capital management

The Company is not subject to externally imposed capital requirements.

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

## 19 Investment related commitments

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

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

	2020 '000 KZT	2019 '000 KZT
<b>Contracted amount</b>		
Kazakhstan Infrastructure Fund C.V.	24,170,029	21,969,569
Falah Growth Fund LP	16,725,947	15,203,203
CITIC-Kazyna Investment Fund LP	14,328,920	13,024,403
KCM Sustainable Development Fund I	5,824,324	2,145,578
VTB Capital Innovation Fund L.P.	2,628,955	-
Wolfenson Capital Partners LP	1,914,404	1,740,115
Macquarie Renaissance Infrastructure Fund	1,811,147	4,035,871
DBK Equity Fund C.V.	523,364	679,691
Islamic Infrastructure Fund Limited Partnership	470,275	427,461
ADM Kazakhstan Capital Restructuring Fund CV	385,448	350,356
Kazakhstan Growth Fund	274,958	249,926
Aureos Central Asia Fund LLC	92,914	84,455
	<b>69,150,685</b>	<b>59,910,628</b>

In accordance with the foundation agreements of the private equity funds, in case of failure to pay the amount of capital commitments after the manager issues a request for payment, certain sanctions may be applied against the Company including delaying the payment of interest, suspension of income distributions, suspension of rights to participate in the corporate management of funds and forced sale of the Company's share to co-investors or third parties. As at 31 December 2020 and 31 December 2019 the Company had no overdue investment commitments.

## 20 Leases

### Leases as lessee

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

During 2020, the Company recognised expense on operating leases of KZT 78,224 thousand (2019: KZT 78,246 thousand) within general and administrative expenses.

## 21 Credit related commitments

### (a) Insurance

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

### (b) Taxation contingencies

The taxation system in the Republic Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the separate financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these separate financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

## 22 Related party transactions

### (a) Control relationship

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

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

Total remuneration included in personnel expenses for the year ended 31 December 2020 and 2019 is as follows:

	2020 '000 KZT	2019 '000 KZT
Short term employee benefits	142,227	131,953

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



**(c) Transactions with other related parties**

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

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

Other related parties include state-controlled companies, national companies and subsidiaries of national companies. The outstanding balances and the related average interest rates as at 31 December 2019 and related profit or loss amounts of transactions for the year ended 31 December 2019 with other related parties are as follows.

	Subsidiaries		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	'000 KZT	Nominal average effective interest rate	
<b>Separate Statement of Financial Position as at 31 December 2019</b>							
<b>Assets</b>							
Investments in subsidiaries measured at fair value through profit or loss	108,107,693	-	-	-	-	-	108,107,693
Investment financial assets	-	-	6,821,528	6.5	13,473,537	4.6	20,295,065
Deferred tax asset	-	-	-	-	1,967,201	-	1,967,201
Current tax asset	-	-	-	-	1,583,744	-	1,583,744
<b>Liabilities</b>							
Derivative financial instruments	-	-	(10,298,284)	-	-	-	(10,298,284)
Other liabilities	-	-	(6,515)	-	-	-	(6,515)
<b>Separate statement of profit or loss and other comprehensive income</b>							
Interest income	-	-	426,786	-	145,800	-	572,586
Net loss on revaluation of investments in subsidiaries measured at fair value through profit or loss	(180,841)	-	-	-	-	-	(180,841)
Net gain on financial derivatives	-	-	387,164	-	-	-	387,164
Dividend income from investments in subsidiaries measured at fair value through profit or loss	3,036,634	-	-	-	-	-	3,036,634
Net foreign exchange loss	-	-	(53,154)	-	(399,102)	-	(452,256)
General and administrative expenses	-	-	(78,246)	-	-	-	(78,246)
Income tax expense	-	-	-	-	(384,540)	-	(384,540)



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

***Transactions with government-related entities***

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

## **23 Fair value**

The estimates of fair value are intended to approximate the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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

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

To determine fair value of these investments including shares in the private equity funds, the Company and its subsidiaries use annual audited financial statements and quarterly management reports of underlying investment funds which use proprietary valuation models. To determine fair values of investments as at 31 December 2020 the Company engages an independent valuation. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include equity securities for which there is no active market.

**(a) Accounting classifications and fair values**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020:

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



The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2019:

	Financial instruments at fair value through profit or loss	Financial asset measured at amortised cost	Financial assets measured at FVOCI	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
<b>'000 KZT</b>						
<b>31 December 2019</b>						
<b>Financial assets measured at fair value</b>						
Debt securities	-	-	27,136,102	-	27,136,102	27,136,102
Equity securities	15,807	-	-	-	15,807	15,807
	<b>15,807</b>	-	<b>27,136,102</b>	-	<b>27,151,909</b>	<b>27,151,909</b>
<b>Financial assets not measured at fair value</b>						
Cash and cash equivalents	-	192,996	-	-	192,996	192,996
Amounts due from credit institutions	-	9,374,336	-	-	9,374,336	9,374,336
Debt securities	-	1,572,997	-	-	1,572,997	2,227,978
Other financial assets	-	33,901	-	-	33,901	33,901
	-	<b>11,174,230</b>	-	-	<b>11,174,230</b>	<b>11,829,211</b>
<b>Financial liabilities measured at fair value</b>						
Cross currency and interest rate swap	10,298,284	-	-	-	10,298,284	10,298,284
	<b>10,298,284</b>	-	-	-	<b>10,298,284</b>	<b>10,298,284</b>
<b>Financial liabilities not measured at fair value</b>						
Other liabilities	-	-	-	40,409	40,409	40,409
	-	-	-	<b>40,409</b>	<b>40,409</b>	<b>40,409</b>

**(b) Fair value hierarchy**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

The table below analyses assets and liabilities measured at fair value as at 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

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



The table below analyses assets and liabilities measured at fair value as at 31 December 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

'000 KZT	Level 1	Level 2	Level 3	Total
Investments in subsidiaries measured at fair value through profit or loss	-	-	108,107,693	108,107,693
Financial assets at fair value through profit or loss	-	-	15,807	15,807
Investment financial assets	27,136,102	-	-	27,136,102
Derivative liabilities	-	(10,298,284)	-	(10,298,284)
	<u>27,136,102</u>	<u>(10,298,284)</u>	<u>108,123,500</u>	<u>124,961,318</u>

The following table shows a reconciliation for the year ended 31 December 2020 for fair value measurements in Level 3 of the fair value hierarchy:

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

The following table shows a reconciliation for the year ended 31 December 2019 for fair value measurements in Level 3 of the fair value hierarchy:

'000 KZT	Investments in subsidiaries measured at FVPL	Financial assets at FVTPL
<b>Balance at the beginning of the year</b>	<b>78,382,695</b>	<b>25,123</b>
Net gain on transactions recognised in profit or loss	(180,841)	(9,316)
Additions	29,997,706	-
Disposals	(91,867)	-
<b>Balance at the end of the year</b>	<b>108,107,693</b>	<b>15,807</b>

Fair value of the Company's investments in subsidiaries is measured using the adjusted net assets value approach. Assets of subsidiaries mainly comprise investments in financial instruments measured at fair value through profit or loss, including shares of investment funds. These funds invest primarily in private equity, through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly Kazakhstan and Russia). To determine the fair value of these financial instruments as at 31 December 2020 and 31 December 2019, the Company and its subsidiaries engaged an independent appraiser. The approach followed by the appraiser was to estimate the fair value of the underlying portfolio investments (business) held by each fund, and then calculate the share of the Company's subsidiaries of this business value. As a cross check, the appraiser also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the estimated fair value and fair values reported by the managers.

A number of valuation techniques were used by the appraiser to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle.

The following table summarises fair value valuation techniques for these investments and sensitivity of measurement of fair value by the appraiser to changes in key assumptions.

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

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



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

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



Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Financial services	1,403,642	Comparative approach	EBITDA/(multiplier)	+/- 5%	70,182
	10,495	Income approach	Discounted cash flows	+/- 5%	525
Entertainment	1,698,056	Comparative approach	EBITDA/(multiplier)	+/- 5%	84,903
	695,774	Comparative approach	EBITDA/(multiplier)	+/- 5%	34,789
Other	17,063,386	-			
<b>Total</b>	<b>115,787,668</b>				

The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant investments included in assets of the Company's subsidiaries, categorised as Level 3 in the fair value hierarchy as at 31 December 2019, together with a sensitivity analysis for shifts in these inputs which the Company considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

<u>Industry in which company operates</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Reasonable shift</u>	<u>Fair value measurement sensitivity to shifts in unobservable inputs</u>
	21,957,960	Black-Scholes option pricing models Comparative approach	Volatility rate	+/- 5%	1,097,898
	512,750		EBITDA/(multiplier)	+/- 5%	25,638
	69,248	Income approach	Discounted cash flows	+/- 5%	3,462
<u>Power engineering</u>	23,014	Income approach	Discounted cash flows	+/- 5%	1,151
	5,135,379	Comparative approach	EBITDA/(multiplier)	+/- 5%	256,769
	4,242,000	Cost approach	Historical costs	+/- 5%	212,100
<u>Alternative power engineering</u>	140,995	Cost approach	Historical costs	+/- 5%	7,050
	3,692,950	Income approach	Discounted cash flows	+/- 5%	184,648
	3,376,158	Comparative approach	EBITDA/(multiplier)	+/- 5%	168,808
	3,292,436	Comparative approach	EBITDA/(multiplier)	+/- 5%	164,622
	2,963,761	Cost approach	Historical costs	+/- 5%	148,188
	1,624,724	Income approach	Discounted cash flows	+/- 5%	81,236
<u>Transport and logistics</u>	781,988	Income approach	Discounted cash flows	+/- 5%	39,099



Industry in which company operates	Fair value	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Real estate	1,208,257	Cost approach	Adjustment to NAV	+/- 5%	60,413
	3,430,003	Cost approach	Historical costs	+/- 5%	171,500
	3,053,274	Income approach	Discounted cash flows	+/- 5%	152,664
	2,033,751	Income approach	Discounted cash flows	+/- 5%	101,688
	1,530,023	Income approach	Discounted cash flows	+/- 5%	76,501
	1,292,320	Income approach	Discounted cash flows	+/- 5%	64,616
Processing industry	1,000,000	Cost approach	Historical costs	+/- 5%	50,000
	570,989	Cost approach	Historical costs	+/- 5%	28,549
	480,681	Income approach	Discounted cash flows	+/- 5%	24,034
	9,240	Cost approach	Adjustment to NAV	+/- 5%	462
Natural resources	907,276	Comparative approach	EBITDA/(multiplier)	+/- 5%	45,364

<b>Industry in which company operates</b>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Reasonable shift</b>	<b>Fair value measurement sensitivity to shifts in unobservable inputs</b>
Medical diagnostics	1,641,482	Cost approach Comparative approach	Adjustment to NAV	+/- 5%	82,074
	1,517,983	Comparative approach	EBITDA(multiplier)	+/- 5%	75,899
	172,103	Comparative approach	EBITDA(multiplier)	+/- 5%	8,605
	100,000	Cost approach	Historical costs	+/- 5%	5,000
Agriculture	7,837,137	Income approach	Discounted cash flows	+/- 5%	391,857
	2,139,191	Cost approach	Historical costs	+/- 5%	106,960
	1,585,000	Income approach	Discounted cash flows	+/- 5%	79,250
	1,332,746	Income approach	Discounted cash flows	+/- 5%	66,637
	1,258,190	Cost approach	Historical costs	+/- 5%	62,910
	1,000,000	Cost approach	Historical costs	+/- 5%	50,000
Electrical industry	593,565	Cost approach	Historical costs	+/- 5%	29,678
	344,162	Cost approach	Historical costs	+/- 5%	17,208
	222,671	Cost approach	Historical costs	+/- 5%	11,134



Industry in which company operates	Fair value	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Telecommunication services	291,105	Income approach	Discounted cash flows	+/- 5%	14,555
	93,577	Income approach	Discounted cash flows	+/- 5%	4,679
Financial services	1,069,144	Comparative approach	EBITDA/(multiplier)	+/- 5%	53,457
	166,299	Comparative approach	EBITDA/(multiplier)	+/- 5%	8,315
	71,277	Comparative approach	EBITDA/(multiplier)	+/- 5%	3,564
Entertainment	3,187,654	Comparative approach	EBITDA/(multiplier)	+/- 5%	159,383
	948,074	Comparative approach	EBITDA/(multiplier)	+/- 5%	47,404
Other	19,207,156	-	-	-	
<b>Total</b>	<b>108,107,693</b>				

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

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

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2019.

'000 KZT	<u>Level 2</u>	<u>Total fair value</u>	<u>Total carrying amount</u>
<b>Assets</b>			
Cash and cash equivalents	192,996	192,996	192,996
Amounts due from credit institutions	9,374,336	9,374,336	9,374,336
Investment financial assets	2,227,978	2,227,978	1,572,997
Other financial assets	33,901	33,901	33,901
<b>Liabilities</b>			
Other financial liabilities	(40,409)	(40,409)	(40,409)