Qazaqstan Investment Corporation JSC
(former Kazyna Capital Management JSC)

Consolidated Financial Statements
for the year ended 31 December 2022

Content

«КПМГ Аудит» жауапкершілігі
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Independent Auditors' Report

To the Shareholder and Board of Directors of Qazaqstan Investment Corporation JSC

Opinion

We have audited the consolidated financial statements of Qazaqstan Investment Corporation JSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimate assets measured at fair value through profit or loss	
Refer to the Note 12 in the consolidated financial statements.	
The key audit matter	***How the matter was addressed in our audit***
Assets measured at fair value through profit or loss account for 74% of the Group's assets. Fair value of these assets is measured using the judgments and unobservable data. Due to the materiality of assets measured at fair value through profit or loss and related estimation uncertainty, this area is a key audit matter.	We performed the following procedures to measure the assets at fair value through profit or loss: • We tested the design and implementation of key controls over fair value measurement of assets measured at fair value through profit or loss. • On a sample basis, we assessed the significant assumptions used by the Group to measure fair value, such as sales volumes and prices, cost of production, EBITDA margin forecasts and capital expenditures. We reconciled the assumptions used by the Group with industry, financial and economic data available from external sources and/or performed an independent assessment using alternative models and assumptions. Discount rates were recalculated based on market data from public sources and information on the loans of investees, as well as sectoral averages for the capital structure of the relevant industry. • We also compared the forecast sales volumes, prices, cost of production, gross margin and EBITDA margin with historical data, assessed the historical accuracy of the forecasts, and reconciled them to actual results according to the financial statements. • On a sample basis we engaged our valuation specialists to analyse the valuation methodology, assumptions and data used by the Group. • We also assessed the completeness and accuracy of disclosures regarding the measurement of assets at fair value through profit or loss.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and 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 Standards, 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Madina Magomedova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
№ МФ-0000594 of 24 May 2018

KPMG Audit LLC
State License to conduct audit, #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

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

10 April 2023

	Note	2022 KZT'000	2021 KZT'000
Interest income calculated using the effective interest method	5	5,110,131	3,014,066
Interest expense	5	(1,117,843)	(362,656)
Net interest income		**3,992,288**	**2,651,410**
Net gain on financial instruments at fair value through profit or loss	26	12,421,574	3,297,276
Net gain on derivative financial instruments		-	324,325
Dividend income		516,709	41,910
Net foreign exchange gain	10	728,839	447,703
Net income/(loss) on investment financial assets		73,419	(7,550)
Other operating expense, net	6	(952,368)	(140,945)
Operating income		**16,780,461**	**6,614,129**
(Impairment loss)/reversal of impairment loss on financial assets		(160,781)	183,371
Personnel expenses	7	(1,425,524)	(1,052,180)
General and administrative expenses	8	(1,163,398)	(1,105,061)
Profit before income tax		**14,030,758**	**4,640,259**
Income tax expense	9	(3,366,223)	(3,083,382)
Profit for the year		**10,664,535**	**1,556,877**
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve for investment financial assets:			
- Net change in fair value, net of income tax		(140,226)	(18,834)
- Net change in fair value transferred to profit or loss		-	(765)
Other comprehensive loss for the year, net of income tax		**(140,226)**	**(19,599)**
Total comprehensive income for the year		**10,524,309**	**1,537,278**

The consolidated financial statements as set out on pages 7 to 66 were approved by the management on 10 April 2023 and were signed on its behalf by:

Gulnara Makanalina	Raukhan Kuttybayeva
Deputy Chairman of the Board	*Chief Accountant*

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Note	31 December 2022 KZT'000	31 December 2021 KZT'000 Restated*
ASSETS			
Cash and cash equivalents*	11	50,809,859	26,909,335
Assets measured at fair value through profit or loss	12	170,927,679	165,529,982
- Investments in joint ventures		*55,362,132*	*52,486,753*
- Investments in associates		*31,046,848*	*31,494,552*
- Other financial assets		*84,518,699*	*81,548,677*
Loans to customers	13	5,368,663	5,867,054
Investment financial assets	14	3,216,557	13,528,179
Current tax asset		-	1,881,907
Investment property		-	133,539
Property, plant and equipment and intangible assets		229,283	126,861
Other assets		180,119	250,369
Total assets		**230,732,160**	**214,227,226**
LIABILITIES			
Debt securities issued	15	49,932,305	49,732,173
Government grants	16	2,344,860	1,423,476
Current tax liability		871,869	-
Deferred tax liabilities		309,699	148,286
Other liabilities		835,738	920,097
Total liabilities		**54,294,471**	**52,224,032**
EQUITY			
Share capital	17	112,761,730	107,761,730
Revaluation reserve for investment financial assets		(141,149)	(923)
Retained earnings		63,817,108	54,242,387
Total equity		**176,437,689**	**162,003,194**
Total liabilities and equity		**230,732,160**	**214,227,226**

** Certain amounts in this column do not match those in the consolidated financial statements for 2021 as they reflect classifications made, which are detailed in Note 2(e).*

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

	2022 KZT'000	2021 KZT'000 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	5,003,025	2,602,535
Interest paid	(912,287)	(177,604)
Dividends received	439,427	41,910
Personnel expenses paid	(1,094,691)	(1,247,630)
Other general administrative expenses (payments)	(1,471,462)	(1,180,161)
Other receipts	127,078	279,308
(Increase)/decrease in operating assets		
Financial instruments measured at fair value through profit or loss	7,023,877	(20,262,991)
Loans issued	13,362	(6,290,414)
Amounts due from credit institutions	496,582	1,387,008
Other liabilities	167,577	-
Increase in operating liabilities		
Financial instruments measured at fair value through profit or loss	-	70,291
Net cash from/(used in) operating activities before income tax	**9,792,488**	**(24,777,748)**
Income tax paid	(258,466)	(1,124,073)
Net cash flows from/(used) in operating activities	**9,534,022**	**(25,901,821)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment financial assets	(4,000,000)	(41,290,077)
Repayment of investment financial assets	14,018,001	31,143,292
Cash proceeds from acquisition of subsidiaries	-	2,843,002
Acquisition of property, plant and equipment and intangible assets	(139,663)	(54,825)
Proceeds from sale of investment property	223,700	-
Net cash flows from/(used in) investing activities	**10,102,038**	**(7,358,608)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,089,814)	-
Proceeds from issuance of ordinary shares	5,000,000	-
Proceeds from debt securities issued	-	12,800,000
Net cash flows from financing activities	**3,910,186**	**12,800,000**
Net increase/(decrease) in cash and cash equivalents	**23,546,246**	**(20,460,429)**
Cash and cash equivalents at the beginning of the year*	26,909,335	47,196,019
Effect of changes in exchange rates on cash and cash equivalents	354,278	173,745
Cash and cash equivalents at the end of year (Note 11)	**50,809,859**	**26,909,335**

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

KZT'000	**Share capital**	**Revaluation reserve for investment financial assets**	**Retained earnings**	**Total**
Balance at 1 January 2022	**107,761,730**	**(923)**	**54,242,387**	**162,003,194**
Total comprehensive income				
Profit for the year	-	-	10,664,535	10,664,535
Other comprehensive loss				
Items that are or may be reclassified subsequently to profit or loss:				
- Net change in fair value, net of income tax	-	(140,226)	-	(140,226)
Total other comprehensive loss	-	(140,226)	-	(140,226)
Total comprehensive income for the year	**-**	**(140,226)**	**10,664,535**	**10,524,309**
Transactions with owners recorded directly in equity				
Dividends declared and paid (Note 17(b))	-	-	(1,089,814)	(1,089,814)
Issue of shares (Note 17(a))	5,000,000	-	-	5,000,000
Total transactions with owners	**5,000,000**	**-**	**(1,089,814)**	**3,910,186**
Balance at 31 December 2022	**112,761,730**	**(141,149)**	**63,817,108**	**176,437,689**

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

KZT'000	Share capital	Revaluation reserve for investment financial assets	Retained earnings	Total
Balance at 1 January 2021	**87,440,000**	**18,676**	**53,871,387**	**141,330,063**
Total comprehensive income				
Profit for the year	-	-	1,556,877	1,556,877
Other comprehensive loss				
Items that are or may be reclassified subsequently to profit or loss:				
- Net change in fair value, net of income tax	-	(18,834)	-	(18,834)
- Net change in fair value transferred to profit or loss	-	(765)	-	(765)
Total other comprehensive loss	-	(19,599)	-	(19,599)
Total comprehensive income for the year	**-**	**(19,599)**	**1,556,877**	**1,537,278**
Transactions with owners recorded directly in equity				
Issue of shares due to acquisition of business	19,269,423	-	(448,200)	18,821,223
Acquisition of non-controlling interests in subsidiaries	-	-	(50,000)	(50,000)
Transfer of assets by Parent Company	1,052,307	-	(687,677)	364,630
Total transactions with owners	**20,321,730**	**-**	**(1,185,877)**	**19,135,853**
Balance at 31 December 2021	**107,761,730**	**(923)**	**54,242,387**	**162,003,194**

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

1 Reporting entity

(a) Organisation and operations

These consolidated financial statements comprise the financial statements of Qazaqstan Investment Corporation JSC (former Kazyna Capital Management JSC) (the "Company") and financial statements of its subsidiary (the "Group").

Kazyna Capital Management Joint Stock 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 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.

On 10 January 2023 Kazyna Capital Management JSC changed its name to Qazaqstan Investment Corporation JSC in accordance with the decision of the sole shareholder (the Minutes of the Management Board of Baiterek National Managing Holding JSC No.57/22 dated 28 December 2022).

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, Yessil district, Astana, the Republic of Kazakhstan.

The principal subsidiaries are as follows:

			Ownership interest, %	
Name	**Country of incorporation**	**Principal activity**	**31 December 2022**	**31 December 2021**
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
BGlobal Ventures Ltd. Private Company******	Kazakhstan	Organisation and holding of educational events in the areas of technology entrepreneurship and development of technologies	100.00	-
QazTech Ventures JSC*****	Kazakhstan	Support and maintenance of business incubators, development of venture capital financing and management of distressed assets	-	100.00
Kazakhstan Project Preparation Fund LLP*****	Kazakhstan	Investment and infrastructure projects structuring and administration, including public-private partnership projects	-	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%.

***** On 31 May 2021, the Management Board of Baiterek National Managing Holding made decision (Minutes No. 28/21) to transfer to the Group 100% of ordinary shares of QazTech Ventures JSC and 97.7% interest in the charter capital of Kazakhstan Project Preparation Fund LLP. During 2021 a non-controlling interest in Project Preparation Fund LLP was redeemed. As at 31 December 2021 the Company owns a 100% interest in the charter capital of Project Preparation Fund LLP.

On 28 January 2022, the Department of the State Corporation "Government for Citizens" for Astana registered the transformation of Kazakhstan Project Preparation Fund LLP into a joint-stock company.

On 30 March 2022 the Board of Directors of Baiterek NMH JSC made decision (Minutes No.16/22) to reorganise Kazakhstan Project Preparation Fund JSC and QazTech Ventures JSC through merger with the Company.

***** On 15 December 2022 the Board of Directors of the Company made a decision to establish a subsidiary - BGlobal Ventures Ltd. Private Company.

As at 31 December 2022, 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 2021, Kazakhstan Infrastructure Fund C.V. with 95% ownership is not also a subsidiary of the Company.

The Group does not consolidate its subsidiaries BV Management LLP and BGlobal Ventures Ltd. PC as these subsidiaries (individually and collectively) are not significant for the Group's financial position, performance and cash flows, irrespective of whether they are consolidated or not.

(b) Kazakhstan 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.

Depreciation of the Kazakhstan Tenge and volatility in the global price of oil also increases the level of uncertainty in the business environment.

The recent geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in Kazakhstan. In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The consolidated financial statements reflect management's assessment of the impact of the Republic of 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 IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

(b) Basis for measurement

The consolidated financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income are stated at fair value. The unconsolidated financial statements are prepared on the historical cost basis except that financial assets measured at fair value through profit or loss and investment financial assets measured at fair value through other comprehensive income and at fair value through profit or loss.

(c) 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.

(d) 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 Company and its subsidiaries – Note 2(c);
- 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(f)(i);
- perimeter of consolidation of subsidiaries - Note 12;
- status of an entity specialising in venture investments in accordance with IAS 28 - Note 3(a)(iii) and Note 12;
- setting the criteria to assess whether credit risk on the financial asset has increased significantly since initial recognition including methodology of incorporation of forward-looking information in the measurement of ECL – Note 4;
- appropriateness of the valuation technique used to estimate the fair value of assets measured at fair value through profit or loss;
- initial recognition of loans issued - Notes 12 and 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 2022 is included in the following notes:

- determining fair value of financial instruments measured at fair value through profit or loss – Notes 12 and 26;
- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Notes 4.

(e) Reclassification

When preparing the consolidated financial statements of the Group for 2022, management made a number of reclassifications which affected the related line items of the consolidated statement of financial position as at 31 December 2021 and consolidated statement of cash flows for the year ended 31 December 2021.

Management revised the presentation of deposits held with financial institutions, with maturities of more than 3 months, and reclassified them from deposits (amounts due from credit institutions) to cash and cash equivalents. Despite the fact that such deposits are initially placed for a term of more than 3 months, there are no restrictions or interest penalty for early withdrawal of funds or depositing additional amounts, except for depositing minimal amounts that are insignificant relative to the Group's balance and deposit balance. Therefore, management uses these deposits as demand deposits, regularly withdrawing and depositing additional amounts, in accordance with the operating activities' requirements.

Thus, these deposits are demand deposits in fact and should therefore be classified as cash and cash equivalents. As a result, the amount of KZT 5,417,308 thousand was reclassified from deposits (amounts due from credit institutions) to cash and cash equivalents as at 31 December 2021. After the change of presentation, cash flows from operating activities, recorded in the consolidated statement of cash flows for the year ended 31 December 2021, decreased by KZT 25,192,231 thousand. These reclassifications had no effect on the Group's retained earnings as at 31 December 2021 and 1 January 2021.

	As at 31 December 2021		
KZT'000 ***Consolidated statement of financial position***	***As previously reported***	***Effect of reclassification***	***As reclassified***
Cash and cash equivalents	21,492,027	5,417,308	26,909,335
Amounts due from credit institutions	5,417,308	(5,417,308)	-

	For the year ended 31 December 2021		
KZT'000 ***Consolidated statement of cash flows***	***As previously reported***	***Effect of reclassification***	***As reclassified***
CASH FLOWS FROM OPERATING ACTIVITIES			
Amounts due from credit institutions	26,579,239	(25,192,231)	1,387,008
Net cash from/(used in) operating activities before income tax	**414,483**	**(25,192,231)**	**(24,777,748)**
Net cash flows used in operating activities	**(709,590)**	**(25,192,231)**	**(25,901,821)**
Net increase/(decrease) in cash and cash equivalents	**4,731,802**	**(25,192,231)**	**(20,460,429)**
Cash and cash equivalents at the beginning of the year	16,586,480	30,609,539	47,196,019
Cash and cash equivalents at the end of year (Note 11)	**21,492,027**	**5,417,308**	**26,909,335**

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 acquire; 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.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for so that the assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements.

(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.

(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 entities 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) Reverse repurchase agreements

Securities purchased under agreements to resell (reverse repo) are recorded within cash and cash equivalents. The difference between the purchase and resale prices represents interest income and is recognised over the term of the repo agreement using the effective interest method. If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(e) Interest income and expense

Effective interest rate

Interest income and expense are 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; or
- the amortised cost of the financial liability.

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 or financial liability is the amount at which the financial asset or financial liability 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 loss allowance (or impairment 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 and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. 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) or to the amortised cost of the liability.

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. Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes interest expense on financial liabilities measures at amortised cost.

(f) 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 expired.

(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 analogises 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:

- change the currency of the 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 in 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.

(g) 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.

(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 from 8 to 10 years;
- computer software from 3 to 8 years;
- other from 2 to 10 years.

(i) 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.

(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 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.

(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: 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.

(l) 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.

(m) 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.

(n) Government grants

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. If there are conditions that may require repayment, the grant is recognised in liabilities.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as expenses on a systematic basis in the same periods in which the expenses are recognised.

(o) New standards and interpretations

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning from 1 January 2023 and earlier application is 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 Group's consolidated financial statements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*
- *Insurance Contracts (IFRS 17).*
- *Definition of Accounting Estimates (Amendments to IAS 8).*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*

New Interpretations effective from 1 January 2022

Amendments to the Standards effective from 1 January 2022 have not had an effect on the Group's consolidated financial statements.

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 19.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3(f)(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 borrower 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 borrower 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 estimate is also based on information obtained from external sources. 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(f)(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, loan forbearance is granted on a selective basis if the counterparty 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.

ECL measurement

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 collateral structure and external/internal rating of the counterparty/pledgor.

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.

To ensure adequate evaluation of loss given default amounts, the Group also considers the following LGD categories:

- The LGD parameter is equal to 0% if the Government of the Republic of Kazakhstan acts as counterparty.
- The LGD parameter is equal to 70% if a bank or another financial institution acts as counterparty.
- For other counterparties having the external/internal rating, LGD is calculated based on Moody's recovery studies according to the external rating of a counterparty. LGD parameters are to be recalculated as far as revised studies are available.

EAD represents the expected exposure as at the date of 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.

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 2022 KZT'000	External benchmarks used	
		PD	**LGD**
Cash and cash equivalents	50,809,859		
Loans to customers	5,368,663		
Investment financial assets	2,799,357	Standard and Poor's default study	For financial institutions inside Kazakhstan, LGD is based on historical recovery data from defaulted financial institutions / Moody's recovery studies.

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 2022 and 31 December 2021. 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(f)(iv).

	31 December 2022 KZT'000	**31 December 2021 KZT'000 As restated***
	12-month expected credit losses	**12-month expected credit losses**
Cash and cash equivalents		
- rated from BBB- to BBB+	4,979,506	2,376,511
- rated from BB- to BB+	6,374,922	8,451,906
- not rated (Citibank Kazakhstan JSC)	59,032	32,498
Total cash on current accounts and short-term deposits with banks	**11,413,460**	**10,860,915**
Notes of NBRK maturing within three months	1,003,896	-
Receivables under reverse repurchase agreements with original maturity of less than 3 months purchased at KASE	38,428,737	16,060,608
Loss allowance	(36,234)	(12,188)
Total cash and cash equivalents	**50,809,859**	**26,909,335**

	31 December 2022 KZT'000	**31 December 2021 KZT'000 As restated***
	Lifetime ECL for credit-impaired assets	**Lifetime ECL for credit-impaired assets**
Amounts due from credit institutions		
- rated D	14,843,236	14,136,280
Loss allowance	(14,843,236)	(14,136,280)
Carrying amount	**-**	**-**

	31 December 2022 KZT'000	31 December 2021 KZT'000
	12-month expected credit losses	**12-month expected credit losses**
Loans to customers		
With internally rated credit risk		
- rated from B- to B+	5,088,013	5,867,054
- rated from CCC- to CCC+	451,423	-
	5,539,436	**5,867,054**
Loss allowance	(170,773)	-
Carrying amount	**5,368,663**	**5,867,054**

	31 December 2022 KZT'000	31 December 2021 KZT'000
	12-month expected credit losses	**12-month expected credit losses**
Investment financial assets at FVOCI		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan		
- rated from BBB- to BBB+	400,953	512,370
Carrying amount	**400,953**	**512,370**

	31 December 2022		
KZT'000	**12-month expected credit losses**	**Credit-impaired at initial recognition (POCI)**	**Total**
Investment financial assets at amortised cost			
- rated from B- to B+	-	2,398,404	2,398,404
Carrying amount	**-**	**2,398,404**	**2,398,404**

	31 December 2021		
KZT'000	**12-month expected credit losses**	**Credit-impaired at initial recognition (POCI)**	**Total**
Investment financial assets at amortised cost			
- rated from BBB-	10,145,776	-	10,145,776
- rated from B- to B+	-	2,483,244	2,483,244
Carrying amount	**10,145,776**	**2,483,244**	**12,629,020**

5 Net interest income

	2022 KZT'000	2021 KZT'000
Interest income calculated using the effective interest method		
Cash and cash equivalents	4,194,031	1,454,162
Loans to customers	550,754	455,663
Investment financial assets	365,346	1,104,241
	5,110,131	**3,014,066**
Interest expense		
Debt securities issued	(1,117,843)	(189,067)
Amounts payable under repurchase agreements	-	(173,589)
Total interest expense	**(1,117,843)**	**(362,656)**
Total net interest income	**3,992,288**	**2,651,410**

6 Other operating expenses, net

	2022 KZT'000	2021 KZT'000
Income from government grants	142,348	-
Loss on initial recognition of other loans issued at a below-market interest rate (Note 13)	(786,771)	(145,767)
Income from utilisation of government grants (Note 16)	-	1,980,000
Loss at initial recognition of debt instruments issued at a below-market interest rate in accordance with the terms of government programmes	-	(1,980,000)
Other (expenses)/income	(307,945)	4,822
Total other operating expenses	**(952,368)**	**(140,945)**

7 Personnel expenses

	2022 KZT'000	2021 KZT'000
Employee benefits	1,311,708	973,551
Payroll related taxes and contributions	113,816	78,629
	1,425,524	**1,052,180**

8 General and administrative expenses

	2022 KZT'000	2021 KZT'000
Professional services	223,597	411,027
Operating lease expense	218,739	158,328
Outsourcing	199,021	127,615
Other third-party services	140,108	158,550
Audit expenses	86,439	75,916
Depreciation and amortisation	46,311	24,889
Transportation services	38,879	43,108
Business travel expenses	36,713	20,681
Training expenses	14,327	58,972
Other	159,264	25,975
	1,163,398	**1,105,061**

9 Income tax expense

	2022 KZT'000	2021 KZT'000
Current year tax expense	3,204,810	584,336
Current tax overpaid in prior periods	-	(42,569)
Movement in deferred tax assets/deferred tax liabilities due to origination and reversal of temporary differences and movement in loss allowance	161,413	2,541,615
Total income tax expense	**3,366,223**	**3,083,382**

In 2022, the applicable tax rate for current and deferred tax is 20% (2021: 20%).

Reconciliation of effective income tax rate

	2022 KZT'000	%	2021 KZT'000	%
Profit before income tax	**14,030,758**	**100**	**4,640,259**	**100**
Income tax at the applicable tax rate	2,806,152	20	928,052	20
(Non-taxable income)/non-deductible expenses from revaluation of financial instruments at fair value through profit or loss	(1,142,091)	(8)	339,794	7
Non-taxable income on securities	12,614	-	-	-
Change in unrecognised deferred tax assets	-	-	2,212,165	48
Other non-taxable income	(96,210)	(1)	84,747	2
Current income tax for previous years additionally accrued	1,792,608	13	-	-
Current tax overpaid in prior periods	-	-	(42,569)	(1)
Non-taxable income from government grants	(2,166)	-	(396,028)	(9)
Non-taxable income from reversal of impairment loss on debt financial assets	(4,684)	-	(42,779)	(1)
	3,366,223	**24**	**3,083,382**	**66**

Deferred tax assets and deferred tax 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 deferred tax liabilities as at 31 December 2022 and deferred tax assets as at 31 December 2021.

During 2021, the Group did not recognise deferred tax liabilities of KZT 2,212,165 thousand. As at 31 December 2022, deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profits will be available against which they can be utilised. The tax losses expire in 2031.

10 Net foreign exchange gain

	2022 KZT'000	2021 KZT'000
Unrealised foreign exchange gain	749,450	479,544
Realised foreign exchange loss	(20,611)	(31,841)
	728,839	**447,703**

11 Cash and cash equivalents

	31 December 2022 KZT'000	31 December 2021 KZT'000 Restated*
Current accounts with other banks		
- rated from BBB- to BBB+	4,979,506	2,376,511
- rated from BB- to BB+	6,374,922	8,451,906
- not rated (Citibank Kazakhstan JSC)	59,032	32,498
Total cash in current accounts and short-term deposits with banks	**11,413,460**	**10,860,915**
Notes of the NBRK with maturity of less than three months	1,003,896	**-**
Amounts receivable under reverse repurchase agreements with original maturities of less than three (3) months acquired on KASE	38,428,737	16,060,608
Loss allowance for expected credit losses	(36,234)	(12,188)
Total cash and cash equivalents	**50,809,859**	**26,909,335**

Disclosed ratings are based on the rating scale of Standard and Poor's or their equivalents. No cash and cash equivalents are past due.

Reverse repo transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities. These transactions have been executed within 7 days. Reverse repo transactions are collateralised by government securities issued, debt securities issued by Kazakhstan Sustainability Fund JSC and securities issued by international financial institutions, with the fair value of KZT 38,428,737 thousand (2021: collateral provided in the form of government securities issued, debt securities issued by Kazakhstan Sustainability Fund JSC and securities issued by international financial institutions, with the fair value of KZT 16,060,608 thousand).

Movement in loss allowance for expected credit losses

The following tables show reconciliations from the opening to the closing balances of the loss allowance for cash and cash equivalents:

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the reporting period	12,188	-
Net remeasurement of loss allowance	24,046	12,188
Balance at the end of the reporting period	**36,234**	**12,188**

12 Assets at fair value through profit or loss

	31 December 2022 KZT'000	Ownership interest, %	31 December 2021 KZT'000	Ownership interest, %
Investments in joint ventures				
AstanaGas KMG JSC	40,252,118	50.0	40,510,346	50.0
KTK Service LLP	4,653,045	49.0	3,600,000	49.0
Baikonyr Solar LLP	4,361,323	49.0	4,401,582	49.0
EPG PROMETHEUS SCHOOL LLP	2,224,571	26.6	-	-
Makinskiy zavod teploizolyatsii LLP	1,680,668	49.0	1,783,096	49.0
Arnau Agro LLP	1,100,598	49.0	1,000,000	49.0
Kazakhstan Hungarian Investment Private Equity Fund	807,403	49.5	364,630	49.5
Best Meat LLP	282,406	49.0	206,342	49.0
VTB Capital 12BF Innovation Fund L.P.	-	49.0	620,757	49.0
	55,362,132		**52,486,753**	
Investments in associates				
CITIC-KAZYNA Investment L.P.	14,449,989	49.9	14,567,988	49.9
EMC Agro LLP	4,312,933	24.47	3,017,088	24.47
Kazakhstan Growth Fund L.P.	3,979,009	49.5	4,185,519	49.5
Private Company KazrostEngineering Ltd	3,066,109	32.0	3,720,642	32.0
ADM KCRF L.P.	2,499,300	49.5	3,716,653	49.5
KazMyaso LLP	2,284,919	49.0	1,646,996	49.0
Temirbeton-1 LLP	338,755	22.0	498,625	22.0
Burundai Mineral Water LLP	115,834	45.3	141,041	45.3
	31,046,848		**31,494,552**	
Other financial assets (equity)				
Kazakhstan Infrastructure Fund C.V.	39,297,529	95.2	32,717,971	95.2
AITAS LUX S.A.R.L	9,523,203	7.1	9,739,336	7.1
500 Startups V, L.P.	5,584,415	7.1	3,974,287	7.1
Quest Ventures Asia Fund II L.P.	3,943,823	30.7	2,674,638	30.7
CAEPCO JSC	3,119,611	1.5	2,754,654	1.5
BRBAPK LLP	841,667	8.3	757,130	8.3
DBK Equity Fund	632,253	3.0	924,785	3.0
BV Management LLP	283,405	100	181,350	100.0
Wellington Partners Ventures III Fund L.P.	174,079	5.1	174,522	5.1
TTS Astana-2007 K LLP	156,256	7.2	180,996	7.2
Mining Chemical Company LLP	82,653	7.0	-	-
Flagship Ventures Fund 2004 L.P.	16,427	6.6	7,341	6.6
Falah Growth Fund L.P.	-	-	355,690	10.0
	63,655,321		**54,442,700**	
Other debt financial assets measured at fair value through profit or loss	**20,863,378**		**27,105,977**	
Total assets measured at fair value through profit or loss	**170,927,679**		**165,529,982**	

Investment in AstanaGas KMG JSC

In October 2018, the Group acquired 50% of voting shares of AstanaGas KMG JSC for a total of KZT 121 thousand and made an additional contribution to charter capital of KZT 40,150,000 thousand on 30 October 2018. AstanaGas KMG JSC was established to implement the project of gasification of Astana city and northern regions of the Republic of Kazakhstan, as well as 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, with a view to appoint a new general partner at Kazakhstan Infrastructure Fund C.V. (“KIF”), the Group and Verno Pe Eurasia GP Limited (the “General Partner”) signed a limited partnership agreement (the “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 million) – the 95.24% ownership interest.
- VERNO PE EURASIA GP (USD 5 million) – 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 95.24% interest in KIF, and being a limited liability partner under the LPS, 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 Manager, including:

- imposing a pecuniary penalty of 2% of the total of investment liabilities;
- searching for a new general partner who is ready to buy out rights and obligations of the predecessor General Partner.

These conditions make the general partner‘s reappointment process more difficult.

In accordance with the above, under the IFRS 10 *Consolidated Financial Statements*, the Group has no control over KIF as at 31 December 2022 and 31 December 2021.

Investments in Quest Ventures Asia Fund II L.P.

As at 31 December 2022, the Group’s interest in Quest Ventures Fund II Asia was 30.7%. In accordance with the partnership agreement, the Fund is managed by the General Partner, with no involvement of the limited partners.

The Group, as a limited partner, cannot participate in decision making or influence the Fund’s activities. In accordance with the Agreement, a representative of the Group may participate in the investment committee only in the capacity of an observer. In addition, the Group does not have the right to make unilaterally decisions on the reappointment of the General Partner; such decision can only be made by common consent of 50% of the limited partners. In relation to the above, under IAS 28 I*nvestments in Associates and Joint Ventures*, the Group believes that it does not have a significant impact on the Fund’s operations as at 31 December 2022 and accounts for investments in the Fund in accordance with IFRS 9 *Financial Instruments*.

Debt financial instruments

Other financial assets measured at fair value through profit or loss comprise loans to customers, bearing the nominal interest rates from 8.00% to 13.10% per annum. The Group determined that cash flows from these debt financial instruments comprise not only payments of principal and accrued interest on principal amount outstanding. 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 interest rates varying from 15.38% p.a. to 28.35% p.a. (2021: from 11.11% p.a. to 20.63 % p.a.).

During 2022, the Group issued a loan totalling KZT 2,201,000 thousand, bearing an interest rate of 13.1% per annum. This loan was designated by the Group as measured at fair value through profit or loss. The fair value of the loan of KZT 1,708,006 thousand was determined using the market interest rate of 20.48% per annum.

During 2021, the Group issued three loans totalling KZT 12,800,000 thousand under the state programme “Employment Roadmap 2020-2021”. Two loans with a total nominal value of KZT 8,800,000 thousand and with the interest rate of 12% per annum were classified by the Group as measured at fair value through profit or loss. The fair value of these loans of KZT 7,101,768 thousand was determined using a market interest rate of 17.41% per annum. On initial recognition of these loans, the Group recognised a loss of KZT 1,698,232 thousand as other operating expense. During the year, the Group recognised income from the use of government grants in the amount of KZT 1,698,232 thousand as a result of issue of these loans at a below-market interest rate, in accordance with the terms of the state programme.

During 2022, the loan with the nominal value of KZT 4,100,000 thousand was early repaid in full, and therefore, the Group increased the liabilities related to government grants by the amount of a discount on the issued loan as of the repayment date, totalling KZT 781,826 thousand.

Assumptions made by management to determine a market interest rate as of the date of initial recognition of debt financial instruments are disclosed in Note 13.

Interests in associates and joint ventures

The table below summarises the financial information as at 30 September 2022 (unaudited) and 31 December 2021 (unaudited) for significant investments in associates and joint ventures as presented in the financial statements of these entities:

KZT'000	**Astana Gas KMG JSC**	**KTK Service LLP**	**Baikonyr Solar LLP**	**EPG PROMETHEUS SCHOOL LLP**	**Makinskiy zavod teploizolyatsii LLP**	**Arnau Agro LLP**
Ownership interest, %	50.0%	49.0%	49.0%	26.59%	49.0%	49.0%
Country of incorporation and place of business	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan
At 30 September 2022 (unaudited)						
Non-current assets	247,340,321	5,323,357	22,371,356	3,996,681	4,212,009	2,877,162
Current assets	12,649,044	3,904,866	1,409,957	879,592	964,254	1,671,072
- including cash and cash equivalents	5,572,394	69,197	336,250	111,765	19,502	40,013
Non-current liabilities	(181,017,640)	-	(14,192,314)	(3,470,405)	(4,213,439)	(2,847,014)
- including non-current financial liabilities	(176,731,695)	-	(12,323,706)	(3,067,005)	(4,157,009)	(221,164)
Current liabilities	(30,409,099)	(5,528,274)	(1,450,496)	(632,649)	(519,813)	(207,990)
For the nine months ended 30 September 2022 (unaudited):						
Revenue	25,304,264	2,973,087	2,695,410	501,886	4,338,642	103,049
Net profit/(net loss)	256,576	226,992	(148,851)	(219,781)	(26,817)	(499,177)
Total comprehensive income/(loss) for the period	256,576	226,992	(148,851)	(219,781)	(26,817)	(499,177)
At 31 December 2021 (unaudited)						
Non-current assets	259,982,545	5,784,550	22,727,708	1,741,728	4,301,195	2,819,375
Current assets	8,823,680	3,901,891	2,641,926	398,729	1,306,371	922,504
- including cash and cash equivalents	676,242	176,686	1,946,604	106,813	190,918	40,343
Non-current liabilities	(188,325,226)	(519,052)	(14,032,101)	(2,008,285)	(4,205,499)	(2,496,950)
- including non-current financial liabilities	(181,605,769)	-	(12,163,493)	(1,604,885)	(4,157,009)	-
Current liabilities	(32,174,948)	(5,694,432)	(3,050,178)	(170,564)	(904,955)	(1,195)
For the year ended 31 December 2021 (unaudited):						
Revenue	33,805,021	7,743,619	3,072,633	256,370	5,118,177	175,476
(Net loss)/net profit	(1,163,024)	(140,854)	66,798	(38,685)	2,788,238	10,040
Total comprehensive (loss)/income for the period	(1,163,024)	(140,854)	66,798	(38,685)	2,788,238	10,040

KZT'000	CITIC KAZYNA Investment Fund L.P.	Kazakhstan Growth Fund L.P.	EMC Agro LLP	ADM KCRF L.P	Private Company KazrostEngineering Ltd	KazMyaso LLP
Ownership interest, %	49.9%	49.5%	24.47%	49.5%	32.0%	49.0%
	An associate	An associate	An associate	An associate	An associate	An associate
Country of incorporation	Cayman Islands	The Netherlands	The Republic of Kazakhstan	The Netherlands	The Republic of Kazakhstan	The Republic of Kazakhstan
Place of business	China /the Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan	The Republic of Kazakhstan
At 30 September 2022 (unaudited):						
Non-current assets	18,301,954	9,926,386	12,381,040	5,885,838	4,298,079	5,027,000
Current assets	18,600,593	84,439	11,571,061	104,575	18,622,814	3,137,000
- including cash and cash equivalents	16,797,897	68,479	6,222,509	103,833	254,691	1,000
Non-current liabilities	-	-	(7,390,380)	-	(92,774)	(5,011,000)
- including non-current financial liabilities	-	-	(7,281,774)	-	-	(1,914,000)
Current liabilities	(31,147)	(29,244)	(7,298,282)	(6,541)	(15,643,608)	(3,503,000)
For the nine months ended 30 September 2022 (unaudited):						
Revenue	8,917	2	5,877,022	-	17,893,977	70,000
(Net loss)/net profit	(197,488)	(27,131)	339,926	(13,159)	1,514,957	(315,000)
Total comprehensive income/(loss)	(197,488)	(579,148)	339,926	(734,371)	1,514,957	(315,000)
At 31 December 2021 (unaudited):						
Non-current assets	32,695,649	10,427,959	10,089,922	6,482,557	4,404,548	4,479,679
- including cash and cash equivalents	12,011,667	158,287	5,883,902	158,851	7,677,604	2,826,028
Current assets	10,916,885	138,163	2,417,024	158,851	860,871	1,709
Non-current liabilities	-	-	(4,237,230)	-	(64,475)	(5,160,678)
- including non-current financial liabilities	-	-	(4,128,624)	-	-	(1,867,410)
Current liabilities	(12,362,705)	(25,547)	(2,813,114)	(9,047)	(6,348,122)	(2,564,311)
For the year ended 31 December 2021 (unaudited):						
Revenue	(855,442)	5,460	4,264,268	1,727,200	33,293,232	332,464
Net profit/(net loss)	1,445,058	(287,261)	700,080	1,658,178	1,991,125	(711,543)
Total comprehensive income/(loss)	1,445,058	454,872	700,080	895,371	1,991,125	(711,543)

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 the use of the equity method to account for investments in associates and joint ventures for venture capital organisations.

The Group's principal activity is investing to generate income and to obtain benefits from capital growth. The Group has an exit strategy in place for each of its investments. 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 Risk Management Department, which are responsible for managing the Group's investment activities, including reporting to the Group Management and 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 the use of the equity method to account for investments in associates and joint ventures.

13 Loans to customers

	31 December 2022 KZT'000	31 December 2021 KZT'000
Loans to customers measured at amortised cost	5,539,436	5,867,054
Loss allowance	(170,773)	-
Total loans to customers measured at amortised cost	**5,368,663**	**5,867,054**

As at 31 December 2022, the Group had no customers, whose outstanding balances on loans exceeded 10% of equity.

During 2022, the Group issued loans to customers for a total of KZT 4,627,258 thousand (2021: KZT 1,140,664 thousand), bearing the interest rates from 8% to 12% p.a. and with maturities in 2024–2030. On initial recognition these loans were recognised at fair value calculated by discounting contractual cash flows on loans using the market discount rates between 13.31% p.a. and 21.74% p.a. (2021: 12%-13.73% p.a.). The Group recognised loss of KZT 786,771 thousand on initial recognition in the form of a discount (2021: KZT 141,828 thousand).

As at 31 December 2021, loans to customers include a loan with a nominal value of KZT 4,000,000 thousand and interest rate of 12% per annum, provided in accordance with the terms of the state programme "Employment Roadmap 2020-2021". The loan was initially recognised at fair value using a market discount rate of 13.56%. The difference between the fair value of the loan at initial recognition and its nominal value, totalling KZT 281,906 thousand, was recognised as the loss on recognition of the discount on loans issued, in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

During 2022, the loan was early repaid in full, and therefore, the Group increased the liabilities related to government grants by the amount of a discount on the issued loan as of the repayment date, totalling KZT 281,906 thousand.

The Group used the following assumptions to determine market interest rates on the dates of initial recognition of loans issued:

- risk-free interest rates were determined based on the yield of long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- a credit risk premium of the industry.

	2022 KZT'000	2021 KZT'000
	12- month expected credit losses	**12- month expected credit losses**
Balance at the beginning of the year	-	-
Loss allowance	170,773	-
Balance at the end of the year	**170,773**	-

Land plots and immovable properties were provided as collateral to secure these loans, or these loans were insured by the insurance company rated BB.

As at 31 December 2022, the loans issued measured at amortised cost were allocated to Stage 1 (31 December 2021: Stage 1).

14 Investment financial assets

	31 December 2022 KZT'000	31 December 2021 KZT'000
Investment debt instruments at amortised cost	2,398,404	12,629,020
Investment debt instruments at fair value through profit or loss	417,200	386,789
Investment debt instruments at fair value through other comprehensive income	400,953	512,370
Total investment financial assets	**3,216,557**	**13,528,179**

	31 December 2022 KZT'000	31 December 2021 KZT'000
Investment financial assets at amortised cost		
Notes of the National Bank of the Republic of Kazakhstan		
Notes of the National Bank of the Republic of Kazakhstan (with maturities more than three months)	-	10,145,776
Total notes	**-**	**10,145,776**
POCI-assets		
Bonds of First Heartland Jusan Bank JSC (POCI-assets)	2,398,404	2,483,244
Total POCI-assets	**2,398,404**	**2,483,244**
Total investment financial assets at amortised cost	**2,398,404**	**12,629,020**

As at 31 December 2022 and 31 December 2021, investment debt instruments measured at fair value through profit or loss comprised corporate bonds.

As at 31 December 2022 and 31 December 2021, investment debt instruments measured at fair value through other comprehensive income comprised government treasury bills of the Ministry of Finance of the Republic of Kazakhstan and were allocated to Stage 1.

15 Debt securities issued

As at 31 December 2022, the issued debt securities for a total of KZT 40,150,736 thousand (31 December 2021: KZT 40,150,736 thousand) comprise unquoted bonds repayable on demand, with a coupon interest of 0.01% per annum. The maturity period of the bonds is 15 years. The funds raised were allocated for acquisition of a 50% ownership interest in AstanaGas KMG JSC.

To finance agro-industrial complex projects as part of the Employment Roadmap for 2020-2021, the Board of Directors of the Group, by their decision made at the in-person meeting held on 29 June 2021 (the Minutes No.10/21), approved the terms of a bond issue, issued in two bond tranches, for a total of KZT 33,700,000 thousand. On 27 October 2021, Baiterek NMH JSC and the Group entered into a transaction on the Kazakhstan Stock Exchange to purchase and sell the Group's bonds under the first bond tranche for a total of KZT 12,800,000 thousand; the bonds have maturity of 10 years and bear a fixed interest rate of 7.1% per annum. The effective interest rate on the bonds was 11.76% per annum. The carrying amount of the issued bonds as at 31 December 2022 was KZT 9,781,569 thousand (31 December 2021: KZT 9,581,437 thousand).

16 Government grants

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year	**1,423,476**	**-**
Increase in liabilities on the government grant upon early repayment of the loan (Notes 12, 13)	1,063,732	-
Amortisation of the government grant	(142,348)	-
Government grant received through issue of bonds	-	3,403,614
Use of the government grant after issue of loans to borrowers	-	(1,980,138)
Balance at the end of the year	**2,344,860**	**1,423,476**

The Group recognised as a liability on government grants the amount of benefits provided by means of the bond issue (Note 15) for the purposes of implementing the government programme "Employment Roadmap 2020-2021". The Group has an obligation to allocate benefits to the end - borrowers through setting a low interest rate on loans.

During 2022, the Group increased the liability on government grants for a total of KZT 1,063,732 thousand due to that the previously issued loans were repaid early.

17 Share capital

(a) Issued capital

As at 31 December 2022, the authorised share capital comprises 55,000,000 ordinary shares (31 December 2021: 55,000,000). The issued and paid share capital comprises 53,550,003 ordinary shares (31 December 2021: 53,550,002), of which one ordinary share of a value of KZT 5,000,000 thousand was issued by the Group in 2022, in accordance with the decision of the Board of Directors (the Minutes No. 01/22 of 20 January 2022).

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 Group's distributable reserves are limited to the balance of retained earnings as recorded in the 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 Group's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date, total distributable reserves amounted to KZT 63,817,108 thousand (31 December 2021: KZT 54,242,387 thousand).

During 2022, dividends for a total of KZT 1,089,814 thousand were declared and paid, amounting to KZT 20.35 per share (in 2021: the Group did not declare nor pay dividends for 2021).

(c) Carrying value of ordinary shares

According to the Listing Rules of Kazakhstan Stock Exchange (the "Rules") the Group discloses the carrying amount of ordinary shares as required by the Rules:

	31 December 2022 KZT'000	31 December 2021 KZT'000
Carrying value of ordinary shares	3.29	3.02

The carrying amount of an ordinary share as at 31 December 2022 is estimated as equal to the amount of consolidated capital decreased by the amount of intangible assets that the Group would be unable to sell to third parties, totalling KZT 176,305,805 thousand (31 December 2021: KZT 161,967,972 thousand), divided by the number of outstanding ordinary shares of 53,550,003 (31 December 2021: 53,550,002 shares).

18 Acquisition of interests in subsidiaries

During the twelve months ended 31 December 2021 a decision was made to issue one (1) share of the Company at the price of KZT 19,269,423 thousand in favour of the Holding to pay for 100% shares of QazTech Ventures JSC and 97.7% shares of Kazakhstan Project Preparation Fund LLP, acquired by the Company.

During 2021, the Group obtained control over QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP. The Group's share capital increased by KZT 19,269,423 thousand following the issue of the Company's shares. Net assets of QazTech Ventures JSC at the time of transfer amounted to KZT 17,385,596 thousand while net assets of Kazakhstan Project Preparation Fund LLP at the time of transfer amounted to KZT 1,435,627 thousand. During the twelve months ended 31 December 2021 the Group recognised a difference between the nominal value of the shares issued and net carrying amount of the acquired assets of QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP, totalling KZT 448,200 thousand (unaudited), directly in equity, in the retained earnings reserve.

The following table provides the carrying amounts of net assets of QazTech Ventures JSC at the acquisition date:

KZT'000	**Carrying amount recognised at the acquisition date**
Non-current assets	
Financial assets measured at fair value through profit or loss	4,302,088
Investment securities	327,611
Property, plant and equipment	22,922
Investment property	135,381
Intangible assets	12,615
Deferred tax assets	29,290
Total non-current assets	**4,829,907**
Current assets	
Cash and cash equivalents	2,305,464
Current tax asset	3,826
Other current assets	111,070
Investment securities measured at amortised cost	10,325,532
Total current assets	**12,745,892**
	17,575,799
Current liabilities	
Other liabilities	190,203
Total current liabilities	**190,203**
Total net assets	**17,385,596**

The following table provides the carrying amounts of net assets of Kazakhstan Project Preparation Fund LLP at the acquisition date:

KZT'000	Carrying amount recognised at the acquisition date
Non-current assets	
Due from banks	738,937
Property, plant and equipment	23,566
Intangible assets	2,913
Deferred tax assets	10,892
Other assets	139,467
Other financial assets	50,000
Total non-current assets	**965,775**
Current assets	
Cash and cash equivalents	537,538
Total current assets	**537,538**
	1,503,313
Current liabilities	
Other liabilities	67,686
Total current liabilities	**67,686**
Total net assets	**1,435,627**

19 Financial instruments and 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 risk management policies and procedures as well as approving significantly large exposures.

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure 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 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, 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 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 2022 and 31 December 2021.

Average effective interest rates

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

	2022		2021	
	Average effective interest rate, %		Average effective interest rate, %	
	KZT	USD	KZT	USD
Interest-bearing assets				
Cash and cash equivalents	15.0	0.4	9.3	0.14
Loans to customers	15.2	-	13.5	-
Investment financial assets	18.0	6.5	10.9	6.5
Interest-bearing liabilities				
Debt securities issued	11.8	-	11.8	-

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 2022 and 2021 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves is as follows:

	2022		2021	
KZT’000	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel fall	-	74,017	-	121,794
100 bp parallel rise	-	(64,162)	-	(103,638)

(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 2022:

KZT’000	**USD**	**EUR**	**KZT**	**Total**
ASSETS				
Cash and cash equivalents	10,816,775	40	39,993,044	50,809,859
Assets measured at fair value through profit or loss:				
- debt instruments	-	-	20,863,378	20,863,378
Loans to customers	-	-	5,368,663	5,368,663
Investment financial assets	400,953	-	2,815,604	3,216,557
Other financial assets	-	-	158,936	158,936
Total financial assets	**11,217,728**	**40**	**69,199,625**	**80,417,393**
LIABILITIES				
Debt securities issued	-	-	(49,932,305)	(49,932,305)
Other financial liabilities	-	-	(545,273)	(545,273)
Total financial liabilities	**-**	**-**	**(50,477,578)**	**(50,477,578)**
Net position	**11,217,728**	**40**	**18,722,047**	**29,939,815**

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2021:

KZT'000	USD	EUR	KZT	Total
ASSETS				
Cash and cash equivalents	5,136,975	734	21,771,626	26,909,335
Assets measured at fair value through profit or loss:				
- debt instruments	-	-	27,105,977	27,105,977
Loans to customers	-	-	5,867,054	5,867,054
Investment financial assets	512,370	-	13,015,809	13,528,179
Other financial assets	-	-	153,248	153,248
Total financial assets	**5,649,345**	**734**	**67,913,714**	**73,563,793**
LIABILITIES				
Debt securities issued	-	-	(49,732,173)	(49,732,173)
Other financial liabilities	-	-	(644,669)	(644,669)
Total financial liabilities	**-**	**-**	**(50,376,842)**	**(50,376,842)**
Net position	**5,649,345**	**734**	**17,536,872**	**23,186,951**

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2022 and 2021, would have increased equity and profit or loss by the amounts shown below. This analysis is on 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.

	31 December 2022 KZT'000	**31 December 2021 KZT'000**
20% appreciation of USD against KZT	1,794,837	903,895

A strengthening of KZT against USD at 31 December 2022 and 2021 would have had an equal but opposite effect, 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 Group's investments in 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 financial 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 management of the private equity funds in mitigation of the price risk. 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 management of the underlying companies. The performance of management of the private equity funds are reported to the Group on a quarterly basis. As at 31 December 2022 these reports on performance of the private equity funds management for the 3rd quarter of 2022 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 15,006,430 thousand for the year ended 31 December 2022 (2021: KZT 13,842,400 thousand). A 10% decrease in these prices would have an equal but 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 593,760 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: KZT 719,837 thousand). A 1% decrease in these rates would have an equal but opposite effect.

(d) Credit risk

Credit risk is 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 for the management of credit exposures (both for recognised financial assets and unrecognised contractual liabilities), including guidelines to limit portfolio concentration and the establishment of an Investment Committee, which actively monitors 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 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:

	31 December 2022 KZT'000	31 December 2021 KZT'000
ASSETS		
Cash and cash equivalents	50,809,859	26,909,335
Assets measured at fair value through profit or loss:		
- debt instruments	20,863,378	27,105,977
Loans to customers	5,368,663	5,867,054
Investment financial assets	2,799,357	13,141,390
Other financial assets	158,936	153,248
Total maximum exposure	**80,000,193**	**73,177,004**

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements. Information on the financial instruments such as loans and deposits is not disclosed in the tables below, except for the cases when they are offset in the consolidated statement of financial position.

The above ISDA and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2022:

KZT'000 **Types of financial assets/liabilities**	**Gross amounts of recognised financial asset/liability**	**Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position**	**Net amount of financial asset/liability presented in the consolidated statement of financial position**	**Related amounts not offset in the consolidated statement of financial position** **Financial instruments (including non-cash collateral)**	**Related amounts not offset in the consolidated statement of financial position** **Cash collateral (received)/pledged**	**Net amount**
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	38,428,737	-	38,428,737	(38,428,737)	-	-

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the following basis:

- Assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost. The amounts in the above tables that are offset in the consolidated statement of financial position are measured on the same basis.

The table below shows financial assets and financial liabilities subject to an enforceable master netting arrangement or similar agreement as at 31 December 2021:

KZT'000 **Types of financial assets/liabilities**	**Gross amounts of recognised financial asset/liability**	**Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position**	**Net amount of financial asset/liability presented in the consolidated statement of financial position**	**Related amounts not offset in the consolidated statement of financial position** **Financial instruments (including non-cash collateral)**	**Related amounts not offset in the consolidated statement of financial position** **Cash collateral (received)/pledged**	**Net amount**
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	16,060,608	-	16,060,608	(16,060,608)	-	-

(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 management regulation 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 2022 based on contractual undiscounted payments:

KZT’000	Demand and less than 1 month	From 6 to 12 months	From 1 to 5 years	5 years and more	Total gross amount (outflow)	Carrying amount
Non-derivative liabilities						
Debt securities issued	(40,150,736)	(908,800)	(3,635,200)	(17,344,000)	(62,038,736)	(49,932,305)
Other financial liabilities	(545,273)	-	-	-	(545,273)	(545,273)
Total liabilities	**(40,696,009)**	**(908,800)**	**(3,635,200)**	**(17,344,000)**	**(62,584,009)**	**(50,477,578)**
Investment related commitments	**(58,030,223)**	**-**	**-**	**-**	**(58,030,223)**	**-**

The following tables show the maturity profile of the Group’s financial liabilities as at 31 December 2021 based on contractual undiscounted payments:

KZT’000	Demand and less than 1 month	From 6 to 12 months	From 1 to 5 years	5 years and more	Total gross amount (outflow)	Carrying amount
Non-derivative liabilities						
Debt securities issued	(40,151,531)	(908,800)	(3,635,200)	(17,344,000)	(62,039,531)	(49,732,173)
Other financial liabilities	(644,669)	-	-	-	(644,669)	(644,669)
Total liabilities	**(40,796,200)**	**(908,800)**	**(3,635,200)**	**(17,344,000)**	**(62,684,200)**	**(50,376,842)**
Investment related commitments	**(66,454,689)**	**-**	**-**	**-**	**(66,454,689)**	**-**

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 2022:

KZT'000	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 years and more	No maturity	Carrying amount
Non-derivative financial assets								
Cash and cash equivalents*	40,030,215	330,938	4,616,357	5,832,349	-	-	-	50,809,859
Assets at fair value through profit or loss								
- equity instruments	-	-	-	-	-	-	63,655,321	63,655,321
- debt instruments	280,110	1,200,089	649,503	1,825,412	15,565,553	1,342,711	-	20,863,378
Loans to customers	-	-	113,988	330,467	2,834,060	2,090,148	-	5,368,663
Investment financial assets	-	-	-	-	-	3,216,557	-	3,216,557
Other financial assets	158,936	-	-	-	-	-	-	158,936
Total assets	**40,469,261**	**1,531,027**	**5,379,848**	**7,988,228**	**18,399,613**	**6,649,416**	**63,655,321**	**144,072,714**
Non-derivative financial liabilities								
Debt securities issued	(40,150,736)	-	-	-	-	(9,781,569)	-	(49,932,305)
Government grants	-	-	-	-	-	(2,344,860)	-	(2,344,860)
Other financial liabilities	(545,273)	-	-	-	-	-	-	(545,273)
Total liabilities	**(40,696,009)**	**-**	**-**	**-**	**-**	**(12,126,429)**	**-**	**(52,822,438)**
Net liquidity gap on recognised financial assets and liabilities	**(226,748)**	**1,531,027**	**5,379,848**	**7,988,228**	**18,399,613**	**(5,477,013)**	**63,655,321**	**91,250,276**
Investment related commitments	**58,030,223**	**-**	**-**	**-**	**-**	**-**	**-**	**58,030,223**

*Cash and cash equivalents are disclosed in the above table according to contractual dates. These balances are free of restrictions for withdrawal and loss of interest income in case of early withdrawal or placement of additional amounts, unless the minimum required balance is withdrawn which is immaterial in relation to the Group's balance and deposit balance.

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 2021:

KZT'000	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 years and more	No maturity	Carrying amount
Non-derivative financial assets								
Cash and cash equivalents	21,979,531	893,426	1,089,656	2,946,722	-	-	-	26,909,335
Assets at fair value through profit or loss								
- equity instruments	-	-	-	-	-	-	54,442,700	54,442,700
- debt instruments	33,350	1,128,565	733,708	2,062,067	19,579,394	3,568,893	-	27,105,977
Loans to customers	-	-	-	512,174	1,636,786	3,718,094	-	5,867,054
Investment financial assets	7,140,114	-	3,005,662	-	-	3,382,403	-	13,528,179
Other financial assets	-	-	-	153,248	-	-	-	153,248
Total assets	**29,152,995**	**2,021,991**	**4,829,026**	**5,674,211**	**21,216,180**	**10,669,390**	**54,442,700**	**128,006,493**
Non-derivative financial liabilities								
Debt securities issued	(40,151,531)	-	-	-	-	(9,580,642)	-	(49,732,173)
Government grants	-	-	-	-	-	(1,423,476)	-	(1,423,476)
Other financial liabilities	(644,669)	-	-	-	-	-	-	(644,669)
Total liabilities	**(40,796,200)**	**-**	**-**	**-**	**-**	**(11,004,118)**	**-**	**(51,800,318)**
Net liquidity gap on recognised financial assets and liabilities	**(11,643,205)**	**2,021,991**	**4,829,026**	**5,674,211**	**21,216,180**	**(334,728)**	**54,442,700**	**76,206,175**
Investment related commitments	**66,454,689**	**-**	**-**	**-**	**-**	**-**	**-**	**66,454,689**

20 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.

21 Segments

The Group's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. The Group's assets are concentrated in the Republic of Kazakhstan and Group generates profit from its operations mostly in the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Group, the Chairman, only receives and reviews the information on the Group as a whole.

22 Investment related commitments

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

	2022 KZT'000	**2021 KZT'000**
Contracted amount		
Falah Growth Fund LP	18,356,417	17,142,054
CITIC-Kazyna Investment Fund LP	16,315,748	14,567,378
Kazakhstan Infrastructure Fund C.V.	10,875,407	11,587,817
Da Vinci Emerging Technologies GP Limited	4,464,382	4,252,848
KAGF	3,240,755	-
VTB Capital Innovation Fund L.P.	2,818,892	2,632,409
Quest Ventures Asia Fund II L.P.	770,372	-
500 Startups V, L.P.	462,651	-
ADM Kazakhstan Capital Restructuring Fund CV	423,671	395,301
Kazakhstan Growth Fund	187,157	281,988
DBK Equity Fund C.V.	114,771	267,945
ENIF	-	12,950,100
KCM Sustainable Development Fund I	-	1,894,552
Islamic Infrastructure Fund Limited Partnership	-	482,297
	58,030,223	**66,454,689**

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 2022 and 2021 the Group had no overdue investment commitments.

23 Leases

Leases as lessee

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

During 2022, the Group recognised expense on operating leases of KZT 218,739 thousand (2021: KZT 158,328 thousand) within general and administrative expenses.

24 Contingencies

(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 in Kazakhstan

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 consolidated financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties 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.

25 Related party transactions

(a) Control relationship

The Group's parent company is Baiterek National Managing Holding 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 2022 and 2021 is as follows:

	2022 KZT'000	2021 KZT'000
Members of the Management Board	153,610	214,366
Members of the Board of Directors	29,830	36,549
Total	**183,440**	**250,915**

These amounts include cash and non-cash remuneration 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 2022 and related profit or loss amounts of transactions for the year ended 31 December 2022 with other related parties are as follows:

	Parent Company		**Investments in joint ventures**		**Investments in associates**		**Other subsidiaries of the Parent Company**		**Entities controlled by the Government of the Republic of Kazakhstan**		**Total**
	KZT'000	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**
Consolidated statement of financial position as at 31 December 2022											
Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	1,003,896	15.8	1,003,896
Assets measured at fair value through profit or loss											
- *Investments in joint ventures*	-	-	55,362,132	-	-	-	-	-	-	-	55,362,132
- *Investments in associates*	-	-	-	-	31,046,848	-	-	-	-	-	31,046,848
- *Other financial assets*	-	-	-	-	516,914	10.0	3,282	-	-	-	520,196
Loans to customers	-	-	383,532	12	-	-	-	-	-	-	383,532
Investment financial assets	-	-	-	-	-	-	-	-	400,953	6.5	400,953
Liabilities											
Debt securities issued	(9,781,569)	7.1	-	-	-	-	-	-	(40,150,736)	-	(49,932,305)
Government grants	-	-	-	-	-	-	-	-	(2,344,860)	-	(2,344,860)
Current tax liability	-	-	-	-	-	-	-	-	(871,869)	-	(871,869)
Deferred tax liabilities	-	-	-	-	-	-	-	-	(309,699)	-	(309,699)
Other liabilities	-	-	-	-	-	-	(18,248)	-	-	-	(18,248)

	Parent Company		Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average interest rate**	**KZT'000**
Consolidated statement of profit or loss and other comprehensive income											
Interest income	-	-	-	-	-	-	38,799	-	466,141	-	504,940
Interest expense	(1,108,932)	-	-	-	-	-	(4,896)	-	(4,015)	-	(1,117,843)
Net income on assets at fair value through profit or loss	-	-	1,571,520	-	(427,554)	-	52,539	-	-	-	1,196,505
Net foreign exchange gain	-	-	-	-	-	-	-	-	33,227	-	33,227
General and administrative expenses	-	-	-	-	-	-	(218,739)	-	-	-	(218,739)
Income tax expense	-	-	-	-	-	-	-	-	(3,366,223)	-	(3,366,223)

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 2021 and related profit or loss amounts of transactions for the year ended 31 December 2021 with other related parties are as follows:

	Parent Company		Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average effective interest rate	KZT'000	Nominal average effective interest rate	KZT'000	Nominal average effective interest rate	KZT'000	Nominal average effective interest rate	KZT'000	Nominal average effective interest rate	KZT'000
Consolidated statement of financial position as at 31 December 2021											
Assets											
Cash and cash equivalents	-	-	-	-	-	-	294,495	-	-	-	294,495
Assets measured at fair value through profit or loss											
- *Investments in joint ventures*	-	-	52,486,753	-	-	-	-	-	-	-	52,486,753
- *Investments in associates*	-	-	-	-	31,494,552	-	-	-	-	-	31,494,552
- *Other financial assets*	-	-	-	-	519,156	10.00	3,560,591	12.00	-	-	4,079,747
Investment financial assets	-	-	-	-	-	-	-	-	10,658,146	9.47	10,658,146
- Current tax asset	-	-	-	-	-	-	-	-	1,881,907	-	1,881,907
Other assets	-	-	-	-	-	-	5,291	-	66,880	-	72,171
Liabilities											
Debt securities issued	(9,581,437)	7.10	-	-	-	-	-	-	(40,150,736)	0.01	(49,732,173)
Government grants	-	-	-	-	-	-	-	-	(1,423,476)	-	(1,423,476)
Deferred tax liability	-	-	-	-	-	-	-	-	(148,286)	-	(148,286)
Other liabilities	-	-	-	-	-	-	(148,736)	-	(5,969)	-	(154,705)

	Parent Company		Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average effective interest rate**	**KZT'000**	**Nominal average interest rate**	**KZT'000**
Consolidated statement of profit or loss and other comprehensive income											
Interest income	-	-	-	-	-	-	24,605	-	998,746	-	1,023,351
Interest expense	(358,641)	-	-	-	-	-	-	-	(4,015)	-	(362,656)
Net income on assets at fair value through profit or loss	-	-	1,518,114	-	2,652,712	-	441,362	-	122,812	-	4,735,000
Net loss on financial derivatives	-	-	-	-	-	-	324,325	-	-	-	324,325
Net foreign exchange gain	-	-	-	-	-	-	-	-	(81,181)	-	(81,181)
General and administrative expenses	-	-	-	-	-	-	(250,094)	-	(58,368)	-	(308,462)
Income tax expense	-	-	-	-	-	-	-	-	(3,083,382)	-	(3,083,382)
Other (expense)/income	-	-	-	-	-	-	(3,214)	-	2,143,946	-	2,140,732

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

26 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 measurement 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 judgement 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.

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 2022 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 carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022 are as follows:

KZT'000	Financial instruments at fair value through profit or loss	Financial asset at amortised cost	Financial assets at fair value through other comprehensive income	Financial liabilities at amortised cost	Total carrying amount	Fair value
31 December 2022						
Financial assets measured at fair value						
Debt instruments	21,280,578	-	400,953	-	21,681,531	21,681,531
Equity instruments	150,064,301	-	-	-	150,064,301	150,064,301
	171,344,879	**-**	**400,953**	**-**	**171,745,832**	**171,745,832**
Financial assets not measured at fair value						
Cash and cash equivalents	-	50,809,859	-	-	50,809,859	50,809,859
Debt securities	-	2,398,404	-	-	2,398,404	2,757,124
Loans to customers	-	5,368,663	-	-	5,368,663	5,368,663
Other financial assets	-	158,936	-	-	158,936	158,936
	-	**58,735,862**	**-**	**-**	**58,735,862**	**59,094,582**
Financial liabilities not measured at fair value						
Debt securities issued	-	-	-	49,932,305	49,932,305	48,987,569
Other liabilities	-	-	-	545,273	545,273	545,273
	-	**-**	**-**	**50,477,578**	**50,477,578**	**49,532,842**

The carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021 are as follows:

KZT'000	Financial instruments at fair value through profit or loss	Financial asset at amortised cost	Financial assets at fair value through other comprehensive income	Financial liabilities at amortised cost	Total carrying amount	Fair value
31 December 2021						
Financial assets measured at fair value						
Debt securities	27,492,766	-	512,370	-	28,005,136	28,005,136
Equity securities	138,424,005	-	-	-	138,424,005	138,424,005
	165,916,771	**-**	**512,370**	**-**	**166,429,141**	**166,429,141**
Financial assets not measured at fair value						
Cash and cash equivalents	-	26,909,335	-	-	26,909,335	26,909,335
Debt securities	-	12,629,020	-	-	12,629,020	13,330,414
Loans to customers	-	5,867,054	-	-	5,867,054	5,867,054
Other financial assets	-	153,248	-	-	153,248	153,248
	-	**45,558,657**	**-**	**-**	**45,558,657**	**46,260,051**
Financial liabilities not measured at fair value						
Debt securities issued	-	-	-	49,732,173	49,732,173	49,473,110
Other liabilities	-	-	-	644,669	644,669	644,669
	-	**-**	**-**	**50,376,842**	**50,376,842**	**50,117,779**

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that 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 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 2022, 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:

KZT'000	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss				
- Investments in joint ventures	-	-	55,362,132	55,362,132
- Investments in associates	-	-	31,046,848	31,046,848
- Equity instruments	-	-	63,655,321	63,655,321
- Debt instruments	-	-	20,863,378	20,863,378
Investment financial assets				
- Debt instruments	400,953	-	417,200	818,153
	400,953	**-**	**171,344,879**	**171,745,832**

The table below analyses financial instruments measured at fair value at 31 December 2021, 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:

KZT'000	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss				
- Investments in joint ventures	-	-	52,486,753	52,486,753
- Investments in associates	-	-	31,494,552	31,494,552
- Equity instruments	-	-	54,442,700	54,442,700
- Debt instruments	-	-	27,105,977	27,105,977
Investment financial assets				
- Debt instruments	512,370	-	386,789	899,159
	512,370	**-**	**165,916,771**	**166,429,141**

The following table shows a reconciliation for the year ended 31 December 2022 for fair value measurements in Level 3 of the fair value hierarchy:

KZT'000	Joint ventures	Associates	Other financial assets	Investment debt instruments at fair value through profit or loss
Balance at the beginning of the period	52,486,753	31,494,552	81,548,677	386,789
Net gain on assets stated in profit or loss	1,571,520	458,464	10,391,590	43,054
Additions	1,303,859	1,410,004	4,437,385	-
Disposals	-	(2,316,172)	(11,858,953)	(12,643)
Balance at the end of the period	**55,362,132**	**31,046,848**	**84,518,699**	**417,200**

The following table shows a reconciliation for the year ended 31 December 2021 for fair value measurements in Level 3 of the fair value hierarchy:

KZT'000	Joint ventures	Associates	Other financial assets	Investment debt instruments at fair value through profit or loss
Balance at the beginning of the period	46,929,140	31,164,044	60,908,045	-
Acquisition of subsidiaries	-	-	4,302,088	327,611
Net gain/(loss) on assets stated in profit or loss	1,518,114	2,652,712	(873,550)	59,178
Other operating expenses	-	-	(1,698,232)	-
Transfer of assets by Parent Company	364,630	-	-	-
Additions	4,662,578	1,650,000	23,941,889	-
Disposals	(987,709)	(3,972,204)	(5,031,563)	-
Balance at the end of the period	**52,486,753**	**31,494,552**	**81,548,677**	**386,789**

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). To determine the fair value of the Group's holdings in these investment funds, the Group engaged an independent appraiser for the years ended 31 December 2022 and 31 December 2021. 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 underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2022, 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.

Type of instrument	Industry in which companies operate	Fair value of Group's share KZT'000	Valuation technique	Significant unobservable inputs	Unaudited Average value for the group	Effect from changes in significant unobservable inputs
	Transport and logistics	73,854,825	Income approach, discounted cash flows	EBITDA margin	10.97%-40.1%	If EBITDA margin increases, the estimated fair value of investment would increase
	Power industry	24,501,300	Income approach, discounted cash flows	Credit risk margin	3.64%-4%	If credit risk increases, the fair value of investment would decrease
	Agriculture	20,127,279	Income approach, discounted cash flows	EBITDA margin	20.3%-27%	If EBITDA margin increases, the estimated fair value of investment would increase
	Unconventional energy	12,512,944	Income approach, discounted cash flows	EBITDA margin	28.5%-83.06%	If EBITDA margin increases, the estimated fair value of investment would increase
	Venture funding	9,528,238	Adjusted NAV	Adjustment to NAV	-	If Net assets increases, the estimated fair value of investment would increase
	Education	2,224,571	Income approach, discounted cash flows	EBITDA margin	15.8%	If EBITDA margin increases, the estimated fair value of investment would increase
	Manufacturing	2,102,076	Income approach, discounted cash flows	EBITDA margin; Revenue growth	4.75%; 5%	If EBITDA margin increases, the estimated fair value of investment would increase
	Entertainment	1,662,199	Income approach, discounted cash flows	EBITDA margin	22.7%	If EBITDA margin increases, the estimated fair value of investment would increase
Unquoted equity instruments	Medical diagnostics	611,607	Income approach, discounted cash flows	EBITDA margin	12%-41.6%	If EBITDA margin increases, the estimated fair value of investment would increase
	Other	2,939,262				
Debt instruments		20,863,378	Discounted contractual cash flows	Credit risk margin	0.8% – 10.3%	If credit risk increases, the fair value of investment would decrease
Total		**170,927,679**				

The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2021, 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.

Type of instrument	Industry in which companies operate	Fair value of Group's share KZT'000	Valuation technique	Significant unobservable inputs	Unaudited Average value for the group	Effect from changes in significant unobservable inputs
	Transport and logistics	64,281,434	Income approach, discounted cash flows	EBITDA margin	15.26%-43.64%	If EBITDA margin increases, the estimated fair value of investment would increase
	Power industry	23,214,294	Income approach, discounted cash flows	Credit risk margin	5.77%	If credit risk increases, the fair value of investment would decrease
	Agriculture	18,914,312	Income approach, discounted cash flows	EBITDA margin	18.33%-26.50%	If EBITDA margin increases, the estimated fair value of investment would increase
	Unconventional energy	11,822,577	Income approach, discounted cash flows	EBITDA margin	74.55%-87.22%	If EBITDA margin increases, the estimated fair value of investment would increase
	Venture funding	6,648,925	Adjusted NAV	Adjustment to NAV	-	If Net assets increases, the estimated fair value of investment would increase
	Manufacturing	3,720,642	Income approach, discounted cash flows	EBITDA margin; Revenue growth	6.74%; 5%	If EBITDA margin increases, the estimated fair value of investment would increase
Unquoted equity instruments	Medical diagnostics	1,883,226	Income approach, discounted cash flows	EBITDA margin	11.91%-24.32%	If EBITDA margin increases, the estimated fair value of investment would increase
	Other	7,938,595				
Debt instruments		27,105,977	Discounted contractual cash flows	Credit risk margin	1.43%-13.21%	If credit risk increases, the fair value of investments would decrease
Total		**165,529,982**				

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies and assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2022 and 31 December 2021:

	Effect on fair value as at 31 December 2022		Effect on fair value as at 31 December 2021	
KZT'000	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Unquoted equity instruments				
Transport and logistics	5,577,002	(3,080,529)	1,595,563	(1,595,563)
Power industry	421,742	(408,267)	661,461	(633,615)
Agriculture	592,784	(134,771)	1,309,048	(1,308,366)
Unconventional energy	718,964	(626,739)	166,258	(166,258)
Manufacturing (EBITDA margin)	1,062,937	(1,063,260)	780,814	(558,892)
Manufacturing (Revenue growth)	1,782,453	(1,552,585)	30,167	(359,350)
Venture funding	476,412	(476,412)	332,446	(332,446)
Entertainment	114,287	(104,176)	-	-
Education	223,707	(191,942)	-	-
Medical diagnostics	4,628	(4,413)	73,772	(73,479)
Debt instruments	56,591	(193,721)	740,790	(708,840)
Total	**11,031,507**	**(7,836,815)**	**5,690,319**	**(5,736,809)**

The favourable and unfavourable effects of using reasonably possible alternative assumptions are calculated by recalibrating the model values:

- for debt instruments measured at FVTPL: decrease and increase in the discount rate by 1%;
- for equity instruments measured at profit or loss decrease and increase in the discount rate by 1%;
- for venture funding adjustment to NAV by 5%;
- for investments measured at profit or loss, branches of manufacturing:
  – decrease and increase in the weighted average cost of capital by1%;
  – decrease and increase in revenue growth rate by 5%.

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 2022.

KZT'000	**Level 2**	**Total fair value**	**Total carrying amount**
Assets			
Cash and cash equivalents	50,809,859	50,809,859	50,809,859
Loans to customers	5,368,663	5,368,663	5,368,663
Investment financial assets	2,757,124	2,757,124	2,398,404
Other financial assets	158,936	158,936	158,936
Debt securities issued	(48,987,569)	(48,987,569)	(49,932,305)
Other financial liabilities	(545,273)	(545,273)	(545,273)

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 2021.

KZT'000	Level 2	Total fair value	Total carrying amount
Assets			
Cash and cash equivalents	26,909,335	26,909,335	26,909,335
Loans to customers	5,867,054	5,867,054	5,867,054
Investment financial assets	13,330,414	13,330,414	12,629,020
Other financial assets	153,248	153,248	153,248
Debt securities issued	(49,473,110)	(49,473,110)	(49,732,173)
Other financial liabilities	(644,669)	(644,669)	(644,669)