# Qazaqstan Investment Corporation
# Joint Stock Company

Separate Financial Statements
for the year ended 31 December 2023

## Content

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# Independent Auditors' Report

**To the shareholder and the Board of Directors of Qazaqstan Investment Corporation Joint Stock Company**

## Opinion

We have audited the separate financial statements of Qazaqstan Investment Corporation Joint Stock Company (hereinafter referred to as the "Company"), which comprise the separate statement of financial position as at 31 December 2023, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code*) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

<table>
<tr><th colspan="2">Valuation of investments in subsidiaries measured at fair value through profit or loss</th></tr>
<tr><td colspan="2">Please refer to the Notes 2, 3, 11, 24 in the separate financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Investments in subsidiaries measured at fair value through profit or loss account for 71% of the Company's total assets. The fair value of these assets is determined using judgment and unobservable inputs.<br>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.</td><td>We performed the following procedures to measure the investments in subsidiaries measured at fair value through profit or loss for the period:<br>– We tested the design and implementation of key controls over the fair value measurement of investments in subsidiaries measured at fair value through profit or loss.<br>– On a sample basis, we assessed the significant assumptions used by the Company to measure fair value of net assets of the investments in subsidiaries, including investments of subsidiaries in equity and debt instruments measured at fair value. Key assumptions used in estimation of fair value of investments of subsidiaries in equity and debt instruments include such assumptions as sales volumes and prices, production costs, EBITDA margin forecasts and capital expenditure levels. We reconciled the assumptions used by the Company 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 the subsidiaries' investees, as well as sectoral averages for the capital structure of the relevant industry.<br>– We compared the forecast sales volumes, prices, costs, gross margins and EBITDA margins with historical data and assessed the historical accuracy of the forecasts and reconciled them with actual results according to the financial statements of the subsidiaries' investees.<br>– On a sample basis, we engaged our valuation specialists and financial risk management specialists to analyse the valuation methodology, assumptions and data used by the Company in assessing investments in equity and debt instruments of its subsidiaries.<br>– We also assessed the completeness and accuracy of the disclosures the valuation of investments in subsidiaries measured at fair value through profit or loss.</td></tr>
</table>

## Other Matter

The corresponding figures as at and for the year ended 31 December 2022 are unaudited.

## Other Information

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

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate 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 Separate Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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 separate 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:

Sergey Lytov
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0001870 of 20 December 2023

**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 the Charter

30 May 2024

| | Note | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|---|
| Interest income calculated using the effective interest method | 5 | 6,929,706 | 3,513,168 |
| Interest expense | 5 | (1,132,467) | (1,109,146) |
| **Net interest income** | | **5,797,239** | **2,404,022** |
| Net gain on assets and investments in subsidiaries measured at fair value through profit or loss | 24 | 1,876,646 | 10,352,966 |
| Dividend income | | 61,782 | 2,893,901 |
| Net foreign exchange (loss)/gain | 9 | (160,149) | 15,977 |
| Net income on investment financial assets | 24 | 162,728 | 73,419 |
| Income from use of government grants | 15 | 76,589 | 76,589 |
| Other operating income, net | | 250,447 | 3,176 |
| **Operating income** | | **8,065,282** | **15,820,050** |
| Impairment loss on financial assets | | 27,812 | (18,060) |
| Personnel expenses | 6 | (1,332,707) | (1,081,233) |
| General and administrative expenses | 7 | (1,022,628) | (611,604) |
| **Profit before income tax** | | **5,737,759** | **14,109,153** |
| Income tax expense | 8 | (2,177,218) | (678,531) |
| **Profit for the year** | | **3,560,541** | **13,430,622** |
| **Other comprehensive income/(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 | | 41,060 | (140,226) |
| **Other comprehensive loss for the year, net of income tax** | | **41,060** | **(140,226)** |
| **Total comprehensive income for the year** | | **3,601,601** | **13,290,396** |

The separate financial statements as set out on pages 7 to 55 were approved by the management on 30 May 2024 and were signed on its behalf by:

Timur Beguliyev
*Deputy Chairman of the Board*

«Qazaqstan Investment Corporation» акционерлік қоғамы
QIC
Акционерное общество «Qazaqstan Investment Corporation»
Қазақстан Республикасы Астана қаласы
Республика Казахстан город Астана

Raukhan Kuttybayeva
*Chief Accountant*

The separate 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.

| | Notes | 31 December 2023 KZT'000 | 31 December 2022 KZT'000 Unaudited |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 10 | 33,383,972 | 29,174,825 |
| Investments in subsidiaries | 11 | 162,972,356 | 135,137,215 |
| Assets measured at fair value through profit or loss | 11 | 10,461,092 | 10,526,147 |
| *- Investments in joint ventures* | | *42,461* | *807,402* |
| *- Other financial assets* | | *10,418,631* | *9,718,745* |
| Loans to customers | 12 | 10,679,384 | 10,503,914 |
| Investment financial assets | 13 | 8,696,596 | 3,216,557 |
| Current tax asset | | 762,530 | 1,429,429 |
| Property, plant and equipment and intangible assets | | 208,599 | 208,020 |
| Other assets | | 24,180 | 176,799 |
| **Total assets** | | **227,188,709** | **190,372,906** |
| | | | |
| **LIABILITIES** | | | |
| Debt securities issued | 14 | 10,005,236 | 9,781,569 |
| Government grants | 15 | 612,712 | 689,301 |
| Deferred tax liabilities | 8 | 254,721 | 428,831 |
| Other liabilities | | 456,200 | 439,248 |
| **Total liabilities** | | **11,328,869** | **11,338,949** |
| | | | |
| **EQUITY** | | | |
| Share capital | 16 | 147,761,730 | 112,761,730 |
| Revaluation reserve for investment financial assets | | (100,089) | (141,149) |
| Retained earnings | | 68,198,199 | 66,413,376 |
| **Total equity** | | **215,859,840** | **179,033,957** |
| **Total liabilities and equity** | | **227,188,709** | **190,372,906** |



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

| | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Interest income | 5,754,369 | 3,404,640 |
| Interest paid | (957,958) | (908,800) |
| Dividends received | 61,782 | 2,893,901 |
| Personnel expenses paid | (1,132,270) | (874,366) |
| Other general administrative expenses (payments) | (1,013,814) | (699,512) |
| Other receipts | 248,710 | 11,096 |
| | | |
| **(Increase)/decrease in operating assets** | | |
| Financial instruments measured at fair value through profit or loss | (25,893,439) | (802,784) |
| Amounts received from credit institutions | - | 3,068,763 |
| Other assets | 67,534 | (70,470) |
| **Net cash (used in)/from operating activities before income tax** | **(22,865,086)** | **6,022,468** |
| Income tax paid | (1,390,792) | (3,540) |
| **Net cash flows (used in)/from operating activities** | **(24,255,878)** | **6,018,928** |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of investment financial assets | (5,308,546) | (8,987,561) |
| Repayment of investment financial assets | 607,740 | 13,004,899 |
| Acquisition of property, plant and equipment and intangible assets | (31,459) | (139,663) |
| Receipt of funds as the result of the merger of subsidiaries | - | 5,885,615 |
| **Net cash flows (used in)/from investing activities** | **(4,732,265)** | **9,763,290** |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid | (1,775,718) | (1,089,814) |
| Proceeds from issuance of ordinary shares | 35,000,000 | 5,000,000 |
| **Net cash flows from financing activities** | **33,224,282** | **3,910,186** |
| | | |
| **Net increase in cash and cash equivalents** | **4,236,139** | **19,692,404** |
| Cash and cash equivalents at the beginning of the year | 29,174,825 | 9,551,504 |
| Effect of changes in exchange rates on cash and cash equivalents | (26,992) | (69,083) |
| **Cash and cash equivalents at the end of year** (Note 10) | **33,383,972** | **29,174,825** |



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

| **KZT'000** | **Share capital** | **Revaluation reserve for investment financial assets** | **Retained earnings** | **Total** |
|---|---|---|---|---|
| **Balance at 1 January 2023 (unaudited)** | **112,761,730** | **(141,149)** | **66,413,376** | **179,033,957** |
| **Total comprehensive income** | | | | |
| Profit for the year | - | - | 3,560,541 | 3,560,541 |
| **Other comprehensive income** | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | |
| - Net change in fair value, net of income tax | - | 41,060 | - | 41,060 |
| Total other comprehensive income | - | 41,060 | - | 41,060 |
| **Total comprehensive income for the year** | **-** | **41,060** | **3,560,541** | **3,601,601** |
| **Transactions with owners recorded directly in equity** | | | | |
| Dividends declared and paid (Note 16(b)) | - | - | (1,775,718) | (1,775,718) |
| Issue of shares (Note 16(a)) | 35,000,000 | - | - | 35,000,000 |
| **Total transactions with owners** | **35,000,000** | **-** | **(1,775,718)** | **33,224,282** |
| **Balance at 31 December 2023** | **147,761,730** | **(100,089)** | **68,198,199** | **215,859,840** |



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

| **KZT'000** | **Share capital** | **Revaluation reserve for investment financial assets** | **Retained earnings** | **Total** |
|---|---|---|---|---|
| **Balance at 1 January 2022** | **107,761,730** | **(923)** | **54,072,568** | **161,833,375** |
| **Total comprehensive income** | | | | |
| Profit for the year (unaudited) | - | - | 13,430,622 | 13,430,622 |
| **Other comprehensive loss** | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | |
| - Net change in fair value, net of income tax (unaudited) | - | (140,226) | - | (140,226) |
| Total other comprehensive loss (unaudited) | - | (140,226) | - | (140,226) |
| **Total comprehensive income for the year (unaudited)** | **-** | **(140,226)** | **13,430,622** | **13,290,396** |
| **Transactions with owners recorded directly in equity** | | | | |
| Dividends declared and paid (Note 16(b)) (unaudited) | - | - | (1,089,814) | (1,089,814) |
| Issue of shares (Note 16(a)) (unaudited) | 5,000,000 | - | - | 5,000,000 |
| **Total transactions with owners (unaudited)** | **5,000,000** | **-** | **(1,089,814)** | **3,910,186** |
| **Balance at 31 December 2022 (unaudited)** | **112,761,730** | **(141,149)** | **66,413,376** | **179,033,957** |



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

# 1 Reporting entity

## (a) Organisation and operations

Kazyna Capital Management Joint Stock Company 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 Company is the Government of the Republic of Kazakhstan.

On 10 January 2023 Kazyna Capital Management Joint Stock Company changed its name to Qazaqstan Investment Corporation Joint Stock Company 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 Company's registered office is: 55A Mangilik El, Yessil district, Astana, the Republic of Kazakhstan.

The principal subsidiaries are as follows:

| Name | Country of incorporation | Principal activity | 31 December 2023 | 31 December 2022 Unaudited |
|---|---|---|---|---|
| АО «Baiterek Venture Fund»* | Kazakhstan | Investment in private equity projects | 100.00 | 100.00 |
| ТОО «BV Management»** | Kazakhstan | Investment portfolio management | 100.00 | 100.00 |
| Kazyna Seriktes B.V.*** | The Netherlands | Investments in funds | 100.00 | 100.00 |
| ЧК «BGlobal Ventures Ltd.»**** | Kazakhstan | Organisation and holding of educational events in the areas of technology entrepreneurship and development of technologies | 100.00 | 100.00 |

* Baiterek Venture Fund JSC was established by the Decision of the Board of Directors of the Company 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 Company restructured the private equity funds and foreign subsidiaries MRIF CASP C.V. and Kazyna Investment Holding Cooperatief U.A. The Company performed necessary arrangements to transfer the Company's assets to the special purpose vehicle (SPV) Kazyna Seriktes B.V., which is 100% subsidiary of the Company incorporated in the Netherlands. There were transferred assets of 10 PEFs (Falah Growth Fund L.P., Russian-Kazakh Nanotechnology Fund, Macquarie Russia & CIS Infrastructure Fund L.P., Kazakhstan Infrastructure Fund C.V., ADM Kazakhstan Capital Restructuring Fund C.V., Kazakhstan Growth Fund L.P., DBK Equity Fund C.V., Wolfensohn Capital Partners L.P., CITIC Kazyna Investment Fund I L.P. and Islamic Infrastructure Fund L.P.) Investments were restructured to improve the Company's financial efficiency.

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

As at 31 December 2023, 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 2022, Kazakhstan Infrastructure Fund C.V. with 95% ownership is not also a subsidiary of the Company.

### (b) Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Companyis 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.

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 separate 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 Company. The future business environment may differ from management's assessment.

## 2 Basis of accounting

The consolidated financial statements of Qazaqstan Investment Corporation Joint Stock Company for the year ended 31 December 2023 were authorized for issue by management on 1 April 2024. The separate financial statements for 2023 have been prepared at the request of the Shareholder.

### (a) Statement of compliance

The accompanying separate financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### (b) Basis for measurement

The separate financial statements are prepared on the historical cost basis except for assets at fair value through profit or loss, 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 Company operates. The functional currency of the Company 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 Company is denominated in KZT.

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

### (d) Use of estimates and judgments

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

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

**Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the separate 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);
- status of an entity specialising in venture investments in accordance with IAS 28 – Note 3(a) and Note 11;
- 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.

### (e) 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 2023 is included in the following notes

- determining fair value of financial instruments measured at fair value through profit or loss - Notes 11 and 24;
- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Notes 4.

## 3 Material accounting policies

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

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the separate financial statements. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

### (a) Investments in subsidiaries, joint ventures and associates

When preparing separate financial statements, the Company accounts for investments in subsidiaries, joint ventures and associates in accordance with the provisions of IFRS 9. The Company applies a single accounting procedure for each category of investment.

Subsidiaries are investment objects that are under the control of the Company. A company controls an investee if the Company is exposed to the risk associated with variable income from participation in the investee, or has rights to receive such income, and also has the ability to influence the amount of said income through the use of its powers in relation to the investee.

All investments in subsidiaries are measured at fair value with changes in fair value recognized in profit or loss for the period in the separate financial statements. The Company also prepares separate financial statements accordance with IFRS 10.

Investments accounted for at cost or using the equity method must be accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations when they are classified as held for sale or for distribution (or included in disposal group classified as held for sale or for distribution). Valuation of investments accounted for in accordance with IFRS 9 remains unchanged in these circumstances.

**(b) Functional and presentation currency**

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

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

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

**(c) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with 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 Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the separate statement of financial position.

**(d) 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 Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

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

The 'amortised cost' of a financial asset 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 (f)(iv).

***Presentation***

Interest income presented in the separate 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 separate 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 Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Business model assessment**

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

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

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

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

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

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

In making the assessment, the Company considers:

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

*Non-recourse loans*

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

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

**Reclassification**

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

***(ii) Derecognition***

**Financial assets**

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

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

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

**Financial liabilities**

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

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

**Financial assets**

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

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

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

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

- 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 Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy).

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

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

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

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

**Financial liabilities**

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- change 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 Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

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

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

***(iv) Impairment***

See also Note 4.

The Company recognizes loss allowance for expected credit losses on the following financial instruments not measured at fair value through profit or loss:

- investments in debt instruments measured at amortized cost, such investments include:
  - deposits in banks;
  - reverse repurchase agreements (“reverse repo”);
  - loans to customers;
  - investments in debt instruments measured at fair value through other comprehensive income (FVOCI).

The Company 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;
- loans given to customers;
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 4).

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

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

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

***Measurement of ECL***

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

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

***Restructured financial assets***

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

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

***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- 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 separate statement of financial position***

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

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

***Write-offs***

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

## (g) Share capital

### *(i) Ordinary shares*

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

### *(ii) Dividends*

The ability of the Company to declare and pay dividends is subject to 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.

## (h) 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

## (i) Government grants

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants are not recognised until there is reasonable assurance that the Company 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 Company 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.

### (j) New standards and clarifications

**New standards and interpretations not yet adopted**

A number of new standards are effective for annual periods beginning after 1 January 2023, with early adoption possible. However, the Company did not early adopt new and amended standards in preparing these separate financial statements.

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

– Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1);

– Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);

– Lack of Exchangeability (Amendments to IAS 21).

## 4 Financial risk review

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

**Credit risk - Amounts arising from ECL**

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

See accounting policy in Note 3(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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and expert credit assessment and including forward-looking information.

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

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

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

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

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

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

*Generating the term structure of PD*

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

*Determining whether credit risk has increased significantly*

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

The Company 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 two and more positions since initial recognition.

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

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

*Definition of default*

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

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

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

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

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

*Incorporating of forward-looking information*

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company uses expert judgment in assessment of forward-looking information. This 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. GDP forecast is the key driver that affect assessment of credit risk and credit losses.

*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 Company renegotiates amounts due from customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default.

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

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

*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 Company to derive the PD. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Company estimates LGD parameters based on the 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 Company 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 Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

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

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

| | | Comparative information from external sources | |
|---|---|---|---|
| | **Carrying amount at 31 December 2023 KZT'000** | **PD** | **LGD** |
| Cash and cash equivalents | 33,383,972 | | For financial institutions inside |
| Loans to customers | 10,679,384 | | Kazakhstan, LGD is based on historical recovery data from |
| | | Standard and | defaulted financial institutions/ |
| Investment financial assets | 8,696,596 | Poor's study | Moody's recovery studies. |

| | | Comparative information from external sources | |
|---|---|---|---|
| | **Carrying amount at 31 December 2022 KZT'000** | **PD** | **LGD** |
| Cash and cash equivalents | 29,174,825 | | For financial institutions inside |
| Loans to customers | 10,503,914 | | Kazakhstan, LGD is based on historical recovery data from |
| | | Standard and | defaulted financial institutions/ |
| Investment financial assets | 3,216,557 | Poor's study | Moody's recovery studies |

### Credit quality analysis

The table below provides an indicative comparison of the Company's internal risk ratings with PD and Standard & Poor's external credit ratings.

| Risk rating | Average probability of default (%) | External rating |
|---|---|---|
| Stable | 0.00 - 0.27 | AAA to BBB- |
| Sufficient | 0.39 - 7.76 | BB+ to B- |
| Increased risk | 14.69 to 52.76 | CCC+ to CCC- |
| Credit impaired | 100 | to SD/D |

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 2023 and 31 December 2022. 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 2023 KZT'000** | **31 December 2022 KZT'000 Unaudited** |
|---|---|---|
| | **12-month expected credit losses** | **12-month expected credit losses** |
| ***Cash and cash equivalents*** | | |
| ***Current accounts in other banks*** | | |
| - rated from BBB- to BBB+ | 11,602,115 | 103,609 |
| - rated from BB- to BB+ | 57,872 | 886 |
| - not rated | 9,375 | 1,588 |
| **Total cash on current accounts** | **11,669,362** | **106,083** |
| ***Short-term deposits with other banks*** | | |
| - rated from BBB- to BBB+ | 6,131,197 | 4,618,445 |
| - rated from BB- to BB+ | - | 3,797,035 |
| **Total short-term deposits with banks** | **6,131,197** | **8,415,480** |
| **Total cash on current accounts and short-term deposits with banks** | **17,800,559** | **8,521,563** |
| NBRK notes with a maturity of less than three months, rated BBB- | - | 1,003,896 |
| Receivables under reverse repurchase agreements with an original maturity of less than 3 months, purchased on the KASE, not having an assigned credit rating | 15,591,245 | 19,668,562 |
| Loss allowance | (7,832) | (19,196) |
| **Total cash and cash equivalents** | **33,383,972** | **29,174,825** |

| | **31 December 2023 KZT'000** | **31 December 2022 KZT'000 Unaudited** |
|---|---|---|
| | **Lifetime ECL for credit-impaired assets** | **Lifetime ECL for credit-impaired assets** |
| ***Amounts due from credit institutions*** | | |
| - rated D | 15,684,276 | 15,048,600 |
| Loss allowance | (15,684,276) | (15,048,600) |
| **Carrying amount** | **-** | **-** |

| | **31 December 2023 KZT'000** | **31 December 2022 KZT'000 Unaudited** |
|---|---|---|
| | **Lifetime ECL for credit-impaired assets** | **Lifetime ECL for credit-impaired assets** |
| ***Loans issued*** | | |
| *Not overdue* | 10,679,384 | 10,503,914 |
| **Carrying amount** | **10,679,384** | **10,503,914** |

| | **31 December 2023 KZT'000** | **31 December 2022 KZT'000 Unaudited** |
|---|---|---|
| | **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+ | 430,751 | 400,953 |
| **Carrying amount** | **430,751** | **400,953** |

| | 31 December 2023 | | |
|---|---|---|---|
| **KZT'000** | **12-month expected credit losses** | **Credit-impaired at initial recognition (POCI)** | **Total** |
| ***Investment financial assets at amortised cost*** | | | |
| - rated from BBB- to BBB+ | 2,217,821 | - | 2,217,821 |
| - rated from BB- to BB+ | 3,159,840 | - | 3,159,840 |
| - rated from B- to B+ | - | 2,815,112 | 2,815,112 |
| **Carrying amount** | **5,377,661** | **2,815,112** | **8,192,773** |

| | 31 December 2022 Unaudited | | |
|---|---|---|---|
| **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** |

# 5 Net interest income

| | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|
| **Interest income calculated using the effective interest method** | | |
| Cash and cash equivalents | 4,938,888 | 2,273,104 |
| Loans to customers | 1,212,270 | 1,176,838 |
| Investment financial assets | 778,548 | 63,226 |
| | **6,929,706** | **3,513,168** |
| **Interest expense** | | |
| Debt securities issued | (1,132,467) | (1,109,146) |
| **Total interest expense** | **(1,132,467)** | **(1,109,146)** |
| **Total net interest income** | **5,797,239** | **2,404,022** |

# 6 Personnel expenses

| | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|
| Employee benefits | 1,226,273 | 996,959 |
| Payroll related taxes and contributions | 106,434 | 84,274 |
| | **1,332,707** | **1,081,233** |

# 7 General and administrative expenses

| | 2023 KZT000 | 2022 KZT'000 Unaudited |
|---|---|---|
| Other third-party services | 182,072 | 92,774 |
| Operating lease expense | 176,700 | 154,778 |
| Professional services | 154,736 | 38,725 |
| Outsourcing | 134,769 | 133,002 |
| Depreciation and amortisation | 69,578 | 30,984 |
| Business travel expenses | 57,569 | 32,409 |
| Audit expenses | 57,269 | 52,159 |
| Training expenses | 22,937 | 12,682 |
| Transportation services | 13,005 | 12,240 |
| Other | 153,993 | 51,851 |
| | **1,022,628** | **611,604** |

The service fee for audit of the Company's separate financial statements prepared in accordance with IFRS Accounting Standards, as at and for the year ended 31 December 2023, amounted to KZT 57,269 thousand, including VAT.

# 8 Income tax expense

| | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|
| Current year tax expense | 2,351,328 | 479,460 |
| Movement in deferred tax assets/deferred tax liabilities due to origination and reversal of temporary differences and movement in loss allowance | (174,110) | 199,071 |
| **Total income tax expense** | **2,177,218** | **678,531** |

In 2023, the applicable tax rate for current and deferred tax is 20% (2022: 20%).

**Reconciliation of effective income tax rate**

| | 2023 KZT'000 | % | 2022 KZT'000 Unaudited | % |
|---|---|---|---|---|
| **Profit before income tax** | **5,737,759** | **100** | **14,109,154** | **100** |
| Income tax at the applicable tax rate | (1,147,552) | (20) | (2,821,831) | (20) |
| Non-taxable income from revaluation of financial instruments at fair value through profit or loss | 608,969 | 12 | 1,900,361 | 13 |
| Non-taxable income on securities | (35,164) | (1) | (12,614) | - |
| Other (non-deductible expenses)/non-taxable income | (1,333) | - | 448,077 | 3 |
| Income tax paid on controlled foreign companies | (1,593,472) | (23) | (204,229) | (1) |
| Non-taxable income from government grants | - | - | 15,318 | - |
| Non-taxable (expense) from (impairment) of debt financial assets | (8,666) | - | (3,613) | - |
| | **(2,177,218)** | **(32)** | **(678,531)** | **(5)** |

**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 2023 and deferred tax assets as at 31 December 2022.

Change in temporary differences during the year ended 31 December 2023 and 31 December 2022, can be presented as follows.

| | **2023** | | |
|---|---|---|---|
| **KZT’000** | **At the beginning of the reporting period** | **Recovered/ (charged) to profit or loss** | **At the end of the reporting period** |
| Other financial assets measured at fair value through profit or loss | (184,917) | (151,631) | (336,548) |
| Investment securities measured at fair value through profit or loos | - | 32,546 | 32,546 |
| Property, plant and equipment | (9,878) | 8,448 | (1,430) |
| Other assets | | - | - |
| Other liabilities | 49,188 | 1,523 | 50,711 |
| Merger of subsidiaries | (283,224) | 283,224 | - |
| **Net deferred tax liabilities** | **(428,831)** | **174,110** | **(254,721)** |

| | **2022 Unaudited** | | |
|---|---|---|---|
| **KZT’000** | **At the beginning of the reporting period** | **Recovered/ (charged) to profit or loss** | **At the end of the reporting period** |
| Other financial assets measured at fair value through profit or loss | - | (184,917) | (184,917) |
| Property, plant and equipment | (2,524) | (7,354) | (9,878) |
| Other assets | - | - | - |
| Other liabilities | 55,988 | (6,800) | 49,188 |
| Merger of subsidiaries | (283,224) | - | (283,224) |
| **Net deferred tax liabilities** | **(229,760)** | **(199,071)** | **(428,831)** |

# 9 Net foreign exchange (loss)/gain

| | **2023 KZT’000** | **2022 KZT’000 Unaudited** |
|---|---|---|
| Unrealised foreign exchange gain | 450,724 | 29,700 |
| Realised foreign exchange loss | (610,873) | (13,723) |
| | **(160,149)** | **15,977** |

# 10 Cash and cash equivalents

| | **31 December 2023 KZT’000** | **31 December 2022 KZT’000 Unaudited** |
|---|---|---|
| Current accounts with banks | 11,669,362 | 106,083 |
| Short-term deposits with other banks | 6,131,197 | 8,415,480 |
| Notes of the NBRK with maturity of less than three months | - | 1,003,896 |
| Amounts receivable under reverse repurchase agreements | 15,591,245 | 19,668,562 |
| Loss allowance for expected credit losses | (7,832) | (19,196) |
| **Total cash and cash equivalents** | **33,383,972** | **29,174,825** |

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 15,591,245 thousand (2022: KZT 19,668,562 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. All amounts of cash and cash equivalents are classified as Stage 1 of credit risk for the purposes of determining the loss allowance.

| | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|
| Balance at the beginning of the reporting period | 19,196 | 1,516 |
| Net remeasurement of loss allowance | (11,364) | 17,680 |
| **Balance at the end of the reporting period** | **7,832** | **19,196** |

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

| | 31 December 2023 KZT'000 | Share, % | 31 December 2022 KZT'000 Unaudited | Share, % |
|---|---|---|---|---|
| **Investments in subsidiaries** | | | | |
| AO Baiterek Venture Fund | 71,774,817 | 100.0 | 52,280,537 | 100.0 |
| Kazyna Seriktes B.V. | 90,796,341 | 100.0 | 82,573,273 | 100.0 |
| LLP «BV Management» | 333,696 | 100.0 | 283,405 | 100.0 |
| Private company BGlobal Ventures Ltd. | 67,502 | 100.0 | - | - |
| | **162,972,356** | | **135,137,215** | |
| **Investments in joint ventures** | | | | |
| Kazakhstan Hungarian Investment Private Eqity Fund | 42,461 | 49.5 | 807,402 | 49.5 |
| | **42,461** | | **807,402** | |
| **Other financial assets (equity)** | | | | |
| 500 Startups V, L.P. | 5,418,718 | 7.1 | 5,584,415 | 7.1 |
| Quest Ventures Asia Fund II L.P. | 4,179,705 | 30.7 | 3,943,823 | 30.7 |
| Wellington Partners Ventures III Fund L.P. | 668,532 | 5.1 | 174,079 | 5.1 |
| Da Vinci Emerging Technologies GP Limited | 151,368 | 15.0 | - | - |
| Flagship Ventures Fund 2004 L.P. | 308 | 6.6 | 16,428 | 6.6 |
| | **10,418,631** | | **9,718,745** | |

The estimated fair value of these assets was classified as Level 3 of the fair value hierarchy based on the inputs to the valuation methods used. A description of the valuation methods and significant unobservable inputs that were used to estimate the fair value of these assets is presented in Note 24(b).

# 12 Loans to customers

| | 31 December 2023 KZT'000 | 31 December 2022 KZT'000 Unaudited |
|---|---|---|
| Loans to customers measured at amortised cost | 10,679,384 | 10,503,914 |
| **Total loans to customers measured at amortised cost** | **10,679,384** | **10,503,914** |

As at 31 December 2023, the Company had no outstanding balances on loans to customers that exceeded 10% of equity (31 December 2022: had no outstanding balances on loans to customers that exceeded 10% of equity).

In 2021, the Company issued a loan to a subsidiary with a nominal value of KZT 12,800,000 thousand and a nominal interest rate of 8.10% per annum for further financing of projects under the state program "Employment Road Map 2020-2021". The fair value at the date of initial recognition of this loan was determined using a market rate of 11.76% per annum. The difference between the nominal value and the fair value of the loan at initial recognition in the amount of KZT 2,637,725 thousand was used to reduce the liability for government grants (Note 15).

# 13 Investment financial assets

| | 31 December 2023 KZT'000 | 31 December 2022 KZT'000 Unaudited |
|---|---|---|
| Investment debt instruments measured at amortised cost | 8,192,773 | 2,398,404 |
| Investment debt instruments at fair value through profit or loss | 73,072 | 417,200 |
| Investment debt instruments at fair value through other comprehensive income | 430,751 | 400,953 |
| **Total investment financial assets** | **8,696,596** | **3,216,557** |

| | 31 December 2023 KZT'000 | 31 December 2022 KZT'000 Unaudited |
|---|---|---|
| **Investment financial assets measured at amortized cost** | | |
| Ministry of Finance of Republic of Kazakhstan | 2,217,821 | - |
| Home Credit Bank JSC | 2,150,155 | - |
| Eurasian Development Bank | 1,009,685 | - |
| **Total** | **5,377,661** | **-** |
| **POCI-assets** | | |
| Obligation "First Heartland Jusan Bank" JSC (POCI-assets) | 2,815,112 | 2,398,404 |
| **Total POCI-assets** | **2,815,112** | **2,398,404** |
| **Total investment financial assets measured at amortized cost** | **8,192,773** | **2,398,404** |

As at 31 December 2023 and 31 December 2022, investment securities carried at amortized cost are classified as Stage 1 credit risk, with the exception of bonds of First Heartland Jusan Bank JSC, which relate to instruments that were credit-impaired on initial recognition.

As at 31 December 2023 and 31 December 2022, investment debt instruments at fair value through profit or loss comprised corporate bonds maturing in 2032 and bearing a nominal interest rate of 0.01%.

As at 31 December 2023 and 31 December 2022, investment debt instruments accounted for at fair value through other comprehensive income are represented by the treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and were designated as Stage 1 with a maturity until 2045 and a coupon rate of 6.5%.

As at 31 December 2023 and 31 December 2022, the allowance for expected credit losses on investment financial assets is not significant and has not been recognized in these separate financial statements.

# 14 Debt securities issued

To finance agro-industrial complex projects as part of the Employment Roadmap for 2020-2021, the Board of Directors of the Company, 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 Company entered into a transaction on the Kazakhstan Stock Exchange to purchase and sell the Company'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 2023 was KZT 10,005,236 thousand (31 December 2022: KZT 9,781,569 thousand).

# 15 Government grants

| | 2023 KZT'000 | 2022 KZT'000 Unaudited |
|---|---|---|
| **Balance at the beginning of the year** | **689,301** | **765,890** |
| Amortisation of the government grant | (76,589) | (76,589) |
| **Balance at the end of the year** | **612,712** | **689,301** |

The Company recognised as a liability for government grants the amount of benefits provided through the bond issuance (Note 14) for the purpose of implementing the government program "Employment Roadmap 2020-2021". The Company has an obligation to allocate benefits to the end borrowers by setting a low interest rate on loans.

# 16 Share capital

## (a) Issued capital

As at 31 December 2023, the authorized share capital comprises 55,000,000 ordinary shares (31 December 2022: 55,000,000). The issued and paid-up share capital consists of 53,585,003 ordinary shares (31 December 2022: 53,550,003), of which 35,000 ordinary shares with a total value of KZT 35,000,000 thousand were placed by the Company during the period ended 31 December 2023 in accordance with the resolution of the Board of Directors (the Minutes No. 02/23 dated 23 February 2023) (Note 11).

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 Company.

## (b) Dividends

In accordance with Kazakhstan legislation the Company'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 Company's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date, total distributable reserves amounted to KZT 68,198,199 thousand (31 December 2022: KZT 66,413,379 thousand).

During 2023, dividends for a total of KZT 1,775,718 thousand were declared and paid, amounting to KZT 33.14 per share (in 2022: dividends for a total of KZT 1,089,814 thousand were declared and paid, amounting to KZT 20.35 per share).

## (c) Carrying value of ordinary shares

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

| | 31 December 2023 KZT'000 | 31 December 2022 KZT'000 Unaudited |
|---|---|---|
| Carrying value of ordinary shares | 4.03 | 3.34 |

The carrying amount of an ordinary share as at 31 December 2023 is estimated as equal to the amount of capital decreased by the amount of intangible assets that the Company would be unable to sell to third parties, totalling KZT 215,714,041 thousand (31 December 2022: KZT 178,909,781 thousand), divided by the number of outstanding ordinary shares of 53,585,003 (31 December 2022: 53,550,003 shares).

# 17 Financial instruments and risk management

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

## (a) Risk management policies and procedures

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

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

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company 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 Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

The table below displays average effective interest rates for interest-bearing assets and liabilities as at 31 December 2023 and 31 December 2022.

***Average effective interest rates***

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

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Average effective interest rate, % | | Average effective interest rate, % | |
| | KZT | USD | KZT | USD |
| **Interest-bearing assets** | | | | |
| Cash and cash equivalents | 14.68 | 1.79 | 16.53 | 0.48 |
| Loans to customers | 11.76 | - | 11.76 | - |
| Investment financial assets | 15.91 | 4.3 | 15.3 | 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 2023 and 31 December 2022 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves is as follows.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| **KZT'000** | **Profit or loss** | **Equity** | **Profit or loss** | **Equity** |
| 100 bp parallel fall | - | 44,176 | - | 74,017 |
| 100 bp parallel rise | - | (53,291) | - | (64,162) |

### *(ii) Currency risk*

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

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

| KZT'000 | USD | KZT | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 6,130,950 | 27,253,022 | 33,383,972 |
| Loans to customers | - | 10,679,384 | 10,679,384 |
| Investment financial assets | 2,648,571 | 6,048,025 | 8,696,596 |
| **Total financial assets** | **8,779,521** | **43,980,431** | **52,759,952** |
| **LIABILITIES** | | | |
| Debt securities issued | - | (10,005,236) | (10,005,236) |
| Other financial liabilities | - | (10,396) | (10,396) |
| **Total financial liabilities** | **-** | **(10,015,632)** | **(10,015,632)** |
| **Net position** | **8,779,521** | **33,964,799** | **42,744,320** |

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2022:

| KZT'000 | USD | KZT | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 8,396,870 | 20,777,955 | 29,174,825 |
| Loans to customers | - | 10,503,914 | 10,503,914 |
| Investment financial assets | 400,953 | 2,815,604 | 3,216,557 |
| **Total financial liabilities** | **8,797,823** | **34,097,473** | **42,895,296** |
| **LIABILITIES** | | | |
| Debt securities issued | - | (9,781,569) | (9,781,569) |
| Other financial liabilities | - | (9,642) | (9,642) |
| **Total financial liabilities** | **-** | **(9,791,211)** | **(9,791,211)** |
| **Net position** | **8,797,823** | **24,306,262** | **33,104,085** |

| | **31 December 2023 KZT'000** | **31 December 2022 KZT'000** |
|---|---|---|
| 20% appreciation of USD against KZT | 1,404,723 | 1,407,652 |

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2023 and 31 December 2022, 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 Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

A strengthening of KZT against USD at 31 December 2023 and 2022 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 Company's investments in private equity funds, whose valuation is based on the valuation of the underlying portfolio companies of those private equity funds.

The Company 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 Company 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 Company on a quarterly basis.As at 31 December 2023 these reports on performance of the private equity funds management for the 3rd quarter of 2023 are accessible for the Company.

The Company's profit 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 17,343,345 thousand for the year ended 31 December 2023 (2022: KZT 14,566,336 thousand). A 10% decrease in these prices would have an equal but opposite effect.

## (d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has policies and procedures 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 separate statement of financial position and unrecognised contractual commitment amounts. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant. The maximum exposure to credit risk from financial assets at the reporting date is as follows:

| | 31 December 2023 KZT'000 | 31 December 2022 KZT'000 Unaudited |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 33,383,972 | 29,174,825 |
| Loans to customers | 10,679,384 | 10,503,914 |
| Investment financial assets | 8,696,596 | 3,216,557 |
| **Total maximum exposure** | **52,759,952** | **42,895,296** |

### 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 Company's separate 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 separate 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 separate statement of financial position.

The above ISDA and similar master netting arrangements do not meet the criteria for offsetting in the separate 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 Company or the counterparties. In addition, the Company 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 2023:

| KZT'000<br>Types of financial assets/liabilities | Gross amounts of recognised financial asset/liability | Gross amount of recognised financial assets/liabilities offset in the separate statement of financial position | Net amount of financial asset/liability presented in the separate statement of financial position | Related amounts not offset in the separate statement of financial position | | Net amount |
|---|---|---|---|---|---|---|
| | | | | Financial instruments (including non-cash collateral) | Cash collateral (received)/pledged | |
| **Financial assets** | | | | | | |
| Reverse repurchase agreements with original maturities of less than three months | 15,591,245 | - | 15,591,245 | (15,591,245) | - | - |

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<br>Types of financial assets/liabilities | Gross amounts of recognised financial asset/liability | Gross amount of recognised financial assets/liabilities offset in the separate statement of financial position | Net amount of financial asset/liability presented in the separate statement of financial position | Related amounts not offset in the separate statement of financial position | | Net amount |
|---|---|---|---|---|---|---|
| | | | | Financial instruments (including non-cash collateral) | Cash collateral (received)/pledged | |
| **Financial assets** | | | | | | |
| Reverse repurchase agreements with original maturities of less than three months | 19,668,562 | - | 19,668,562 | (19,668,562) | - | - |

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

## (e) Liquidity risk

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

The Company 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 Company's commitments, the private equity funds are able to call on such commitments from the Company with a notice period on average being 10 days. The amount of these calls may exceed the available cash and cash equivalents at any point in time.

The following tables show the maturity profile of the Company’s financial liabilities as at 31 December 2023 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 | - | (908,800) | (3,635,200) | (15,526,400) | (20,070,400) | (10,005,236) |
| Other financial liabilities | (10,396) | - | - | - | (10,396) | (10,396) |
| **Total liabilities** | **(10,396)** | **(908,800)** | **(3,635,200)** | **(15,526,400)** | **(20,080,796)** | **(10,015,632)** |
| **Investment related (LP Fund) commitments** | **(11,159,266)** | **-** | **-** | **-** | **(11,159,266)** | **-** |

The following tables show the maturity profile of the Company’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 | - | (908,800) | (3,635,200) | (16,435,200) | (20,979,200) | (9,781,569) |
| Other financial liabilities | (9,642) | - | - | - | (9,642) | (9,642) |
| **Total liabilities** | **(9,642)** | **(908,800)** | **(3,635,200)** | **(16,435,200)** | **(20,988,842)** | **(9,791,211)** |
| **Investment related (LP Fund) commitments** | **(13,110,185)** | **-** | **-** | **-** | **(13,110,185)** | **-** |

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 2023:

| 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* | 27,260,608 | 16,188 | 45,456 | 6,061,720 | - | - | - | 33,383,972 |
| Investments in subsidiaries | - | - | - | - | - | - | 162,972,356 | 162,972,356 |
| Assets at fair value through profit or loss | | | | | | | | |
| - investments in joint ventures | - | - | - | - | - | - | 42,461 | 42,461 |
| - equity instruments | - | - | - | - | - | - | 10,418,631 | 10,418,631 |
| Loans to customers | - | - | - | - | - | 10,679,384 | - | 10,679,384 |
| Investment financial assets | - | - | - | 3,227,505 | 2,150,155 | 3,318,936 | - | 8,696,596 |
| **Total assets** | **27,260,608** | **16,188** | **45,456** | **9,289,225** | **2,150,155** | **13,998,320** | **173,433,448** | **226,193,400** |
| **Non-derivative financial liabilities** | | | | | | | | |
| Debt securities issued | - | - | - | (159,040) | - | (9,846,196) | - | (10,005,236) |
| Government grants | - | - | - | - | - | (612,712) | - | (612,712) |
| Other financial liabilities | (10,396) | - | - | - | - | - | - | (10,396) |
| **Total liabilities** | **(10,396)** | **-** | **-** | **(159,040)** | **-** | **(10,458,908)** | **-** | **(10,628,344)** |
| **Net liquidity gap on recognised financial assets and liabilities** | **27,250,212** | **16,188** | **45,456** | **9,130,185** | **2,150,155** | **3,539,412** | **173,433,448** | **215,565,056** |
| **Investment (LP Fund) related commitments** | **11,159,266** | **-** | **-** | **-** | **-** | **-** | **-** | **11,159,266** |

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 * | 20,778,540 | - | 4,616,357 | 3,779,928 | - | - | - | 29,174,825 |
| Investments in subsidiaries | - | - | - | - | - | - | 135,137,215 | 135,137,215 |
| Assets at fair value through profit or loss: | | | | | | | | |
| - investments in joint ventures | - | - | - | - | - | - | 807,402 | 807,402 |
| - equity instruments | - | - | - | - | - | - | 9,718,745 | 9,718,745 |
| Loans to customers | - | - | - | - | - | 10,503,914 | - | 10,503,914 |
| Investment financial assets | - | - | - | - | - | 3,216,557 | - | 3,216,557 |
| **Total assets** | **20,778,540** | **-** | **4,616,357** | **3,779,928** | **-** | **13,720,471** | **145,663,362** | **188,558,658** |
| **Non-derivative financial liabilities** | | | | | | | | |
| Debt securities issued | - | - | - | - | - | (9,781,569) | - | (9,781,569) |
| Government grants | - | - | - | - | - | (689,301) | - | (689,301) |
| Other financial liabilities | (9,642) | - | - | - | - | - | - | (9,642) |
| **Total liabilities** | **(9,642)** | **-** | **-** | **-** | **-** | **(10,470,870)** | **-** | **(10,480,512)** |
| **Net liquidity gap on recognised financial assets and liabilities** | **20,768,898** | **-** | **4,616,357** | **3,779,928** | **-** | **3,249,601** | **145,663,362** | **178,078,146** |
| **Investment (LP Fund) related commitments** | **13,110,185** | **-** | **-** | **-** | **-** | **-** | **-** | **13,110,185** |

* 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 Company's balance and deposit balance.

# 18 Capital management

The Company is not subject to externally imposed capital requirements.

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

# 19 Segments

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

# 20 Investment related commitments

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

| | **2023 KZT'000** | **2022 KZT'000 Unaudited** |
|---|---|---|
| **Contracted amount** | | |
| Da Vinci Emerging Technologies GP Limited | 4,045,573 | 4,464,382 |
| Kazyna Seriktes B.V. | 3,518,465 | 4,166,425 |
| KAGF | 2,978,055 | 3,246,878 |
| QUEST VENTURES ASIA FUND II, L.P. | 617,173 | 769,850 |
| 500 Startups V, L.P. | - | 462,650 |
| | **11,159,266** | **13,110,185** |

In accordance with the foundation agreements of the private equity funds, in case of failure to pay the amount of capital commitments after the manager issues a request for payment, certain sanctions may be applied against the Company including delaying the payment of interest, suspension of income distributions, suspension of rights to participate in the corporate management of funds and forced sale of the Company's share to co-investors or third parties. As at 31 December 2023 and 31 December 2022 the Company had no overdue investment commitments.

# 21 Leases

**Leases as lessee**

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

During 2023, the Company recognised expense on operating leases of KZT 176,700 thousand (2022: KZT 154,778 thousand) within general and administrative expenses.

# 22 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 Company 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 Company's property or relating to Company's operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

### (b) Taxation contingencies in Kazakhstan

The taxation system in the Republic Kazakhstan is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the separate financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, 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 separate financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

## 23 Related party transactions

### (a) Control relationship

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

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

Total remuneration included in personnel expenses for the year ended 31 December 2023 and 2022 is as follows:

| | **2023 KZT'000** | **2022 KZT'000 Unaudited** |
|---|---|---|
| Members of the Management Board | 234,889 | 153,610 |
| Members of the Board of Directors | 49,052 | 29,830 |
| **Total** | **283,941** | **183,440** |

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 Company transacts with a number of entities that are controlled by the Government of Kazakhstan. The Company applies the exemption in IAS 24 *Related party disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities. 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 2023 and related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows:

| | Parent Company | | Subsidiaries | | Investments in joint ventures | | 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 |
| **Separate statement of financial position as at 31 December 2023** | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | 11,593,599 | - | 15,591,245 | 15.17 | 27,184,844 |
| Investments in subsidiaries measured at fair value through profit or loss | - | - | 162,972,356 | - | - | - | - | - | - | - | 162,972,356 |
| Loans given to customers | - | - | 10,679,384 | - | - | - | - | - | - | - | 10,679,384 |
| Assets measured at fair value through profit or loss | - | - | - | - | - | - | - | - | - | - | - |
| *- Investments in joint ventures* | - | - | - | - | 42,461 | - | - | - | - | - | 42,461 |
| *- Other financial assets* | - | - | - | - | - | - | - | - | - | - | - |
| Investment financial assets | - | - | - | - | - | - | - | - | 2,648,571 | 4.3 | 2,648,571 |
| **Liabilities** | | | | | | | | | | | |
| Debt securities issued | (10,005,236) | 7.1 | - | - | - | - | - | - | - | - | (10,005,236) |
| Government grants | - | - | - | - | - | - | - | - | (612,712) | - | (612,712) |
| Other liabilities | - | - | - | - | - | - | (14,741) | - | - | - | (14,741) |

| | **Parent Company** | | **Subsidiaries** | | **Investments in joint ventures** | | **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** |
| **Separate statement of profit or loss and other comprehensive income** | | | | | | | | | | | |
| Interest income | - | - | - | - | - | - | 1,956,223 | - | 3,069,777 | - | 5,026,000 |
| Interest expense | (1,132,467) | - | - | - | - | - | - | - | - | - | (1,132,467) |
| Net income on assets at fair value through profit or loss | - | - | 2,855,576 | - | (978,930) | - | - | - | - | - | 1,876,646 |
| Net foreign exchange gain | - | - | - | - | - | - | - | - | (39,954) | - | (39,954) |
| Dividend income from investments in subsidiaries measured at fair value through profit or loss | - | - | 61,782 | - | - | - | - | - | - | - | 61,782 |
| Income related to the discount on initial recognition from the purchase and sale of investment securities, measured at amortized cost | - | - | - | - | - | - | - | - | (52,261) | - | (52,261) |
| General and administrative expenses | - | - | - | - | - | - | (176,700) | - | - | - | (176,700) |
| Amortisation of the government grant | - | - | - | - | - | - | - | - | 76,589 | - | 76,589 |
| Other (expenses)/income | (57,833) | - | - | - | - | - | - | - | - | - | (57,833) |

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** | | **Subsidiaries** | | **Investments in joint ventures** | | **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** |
| **Separate statement of financial position as at 31 December 2022** | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | 1,003,896 | 15.8 | 1,003,896 |
| Investments in subsidiaries measured at fair value through profit or loss | - | - | 135,137,215 | - | - | - | - | - | - | - | 135,137,215 |
| Loans given to customers | - | - | 10,503,914 | - | - | - | - | - | - | - | 10,503,914 |
| Assets measured at fair value through profit or loss | | | | | | | | | | | |
| - *Investments in joint ventures* | - | - | - | - | 807,402 | - | - | - | - | - | 807,402 |
| Investment financial assets | - | - | - | - | - | - | - | - | 400,953 | 6.5 | 400,953 |
| **Liabilities** | | | | | | | | | | | |
| Debt securities issued | (9,781,569) | 7.1 | - | - | - | - | - | - | - | - | (9,781,569) |
| Government grants | - | - | - | - | - | - | - | - | (689,301) | - | (689,301) |
| Other liabilities | - | - | - | - | - | - | (14,719) | - | - | - | (14,719) |

| | Parent Company | | Subsidiaries | | Investments in joint ventures | | 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** |
| **Separate statement of profit or loss and other comprehensive income** | | | | | | | | | | | |
| Interest income | - | - | - | - | - | - | 38,799 | - | 2,694,614 | - | 2,733,413 |
| Interest expense | (1,108,932) | - | - | - | - | - | (4,896) | - | - | - | (1,113,828) |
| Net income on assets at fair value through profit or loss | - | - | 10,198,100 | - | 154,866 | - | - | - | - | - | 10,352,966 |
| Dividend income from investments in subsidiaries measured at fair value through profit or loss | - | - | 2,893,901 | - | - | - | - | - | - | - | 2,893,901 |
| Net foreign exchange gain | - | - | - | - | - | - | - | - | 33,227 | - | 33,227 |
| General and administrative expenses | - | - | - | - | - | - | (158,349) | - | - | - | (158,349) |
| Amortisation of the government grant | - | - | - | - | - | - | - | - | 76,589 | - | 76,589 |

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

# 24 Fair values of financial instruments

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company 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 Company 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 Company uses annual audited financial statements and unaudited 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 2023 the Company engaged an independent valuation firm 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. An 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 2023 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 2023** | | | | | | |
| **Financial assets measured at fair value** | | | | | | |
| Investments in subsidiaries | 162,972,356 | - | - | - | 162,972,356 | 162,972,356 |
| Debt instruments | 73,072 | - | 430,751 | - | 503,823 | 503,823 |
| Equity instruments | 10,461,092 | - | - | - | 10,461,092 | 10,461,092 |
| | **173,506,520** | **-** | **430,751** | **-** | **173,937,271** | **173,937,271** |
| **Financial assets not measured at fair value** | | | | | | |
| Cash and cash equivalents | - | 33,383,972 | - | - | 33,383,972 | 33,383,972 |
| Debt securities | - | 8,192,773 | - | - | 8,192,773 | 8,408,979 |
| Loans to customers | - | 10,679,384 | - | - | 10,679,384 | 9,577,054 |
| Other financial assets | - | 23 | - | - | 23 | 23 |
| | **-** | **52,256,152** | **-** | **-** | **52,256,152** | **51,370,028** |
| **Financial liabilities not measured at fair value** | | | | | | |
| Debt securities issued | - | - | - | 10,005,236 | 10,005,236 | 9,846,196 |
| Other liabilities | - | - | - | 230,461 | 230,461 | 230,461 |
| | **-** | **-** | **-** | **10,235,697** | **10,235,697** | **10,076,657** |

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** | | | | | | |
| Investments in subsidiaries | 135,137,215 | - | - | - | 135,137,215 | 135,137,215 |
| Debt instruments | 417,200 | - | 400,953 | - | 818,153 | 818,153 |
| Equity instruments | 10,526,147 | - | - | - | 10,526,147 | 10,526,147 |
| | **146,080,562** | **-** | **400,953** | **-** | **146,481,515** | **146,481,515** |
| **Financial assets not measured at fair value** | | | | | | |
| Cash and cash equivalents | - | 29,174,825 | - | - | 29,174,825 | 29,174,825 |
| Debt securities | - | 2,398,404 | - | - | 2,398,404 | 2,757,124 |
| Loans to customers | - | 10,503,914 | - | - | 10,503,914 | 9,006,877 |
| Other financial assets | - | 158,936 | - | - | 158,936 | 158,936 |
| | **-** | **42,236,079** | **-** | **-** | **42,236,079** | **41,097,762** |
| **Financial liabilities not measured at fair value** | | | | | | |
| Debt securities issued | - | - | - | 9,781,569 | 9,781,569 | 9,622,529 |
| Other liabilities | - | - | - | 220,419 | 220,419 | 220,419 |
| | **-** | **-** | **-** | **10,001,988** | **10,001,988** | **10,001,988** |

### (b) Fair value hierarchy

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

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

The table below analyses financial instruments measured at fair value at 31 December 2023, 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 separate statement of financial position:

| KZT'000 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments in subsidiaries | - | - | 162,972,356 | 162,972,356 |
| Assets measured at fair value through profit or loss: | | | | |
| - Investments in joint ventures | - | - | 42,461 | 42,461 |
| - Equity instruments | - | - | 10,418,631 | 10,418,631 |
| Debt instruments | 430,751 | - | 73,072 | 503,823 |
| | **430,751** | **-** | **173,506,520** | **173,937,271** |

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 separate statement of financial position:

| KZT'000 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments in subsidiaries | - | - | 135,137,215 | 135,137,215 |
| Assets measured at fair value through profit or loss: | | | | |
| - Investments in joint ventures | - | - | 807,402 | 807,402 |
| - Equity instruments | - | - | 9,718,745 | 9,718,745 |
| Debt instruments | 400,953 | - | 417,200 | 818,153 |
| | **400,953** | **-** | **146,080,562** | **146,481,515** |

The following table shows a reconciliation for the year ended 31 December 2023 for fair value measurements in Level 3 of the fair value hierarchy

| KZT'000 | Investments in subsidiaries | Joint ventures | Other financial assets (equity) | Debt instruments | Total assets measured at fair value |
|---|---|---|---|---|---|
| Balance at the beginning of the period | 135,137,215 | 807,402 | 9,718,745 | 417,200 | 146,080,562 |
| Net gain on assets stated in profit or loss | 3,052,479 | (978,930) | (196,903) | 162,728 | 2,039,374 |
| Additions | 24,790,295 | 213,989 | 924,220 | - | 25,928,504 |
| Disposals | (7,633) | - | (27,431) | (506,856) | (541,920) |
| **Balance at the end of the period** | **162,972,356** | **42,461** | **10,418,631** | **73,072** | **173,506,520** |

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 | Investments in subsidiaries | Joint ventures | Other financial assets (equity) | Debt instruments | Total assets measured at fair value |
|---|---|---|---|---|---|
| Balance at the beginning of the period | 145,260,908 | 364,630 | 6,830,788 | 6,678 | 152,463,004 |
| Net gain on assets stated in profit or loss | 9,062,754 | 154,865 | 1,135,347 | 179,407 | 10,532,373 |
| Additions | 766,303 | 287,907 | 1,864,762 | 1,831,349 | 4,750,321 |
| Disposals | (19,952,751) | - | (112,152) | (1,600,233) | (21,665,136) |
| **Balance at the end of the period** | **135,137,215** | **807,402** | **9,718,745** | **417,200** | **146,080,562** |

The Company's investments in equity investments categorised as level 3 comprise holdings in investment funds and investments in subsidiaries. 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 Company's holdings in these investment funds, the Company engaged an independent appraiser for the years ended 31 December 2023 and 31 December 2022. 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 Company'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 comparable, 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 2023, together with a sensitivity analysis for shifts in these inputs which the Company considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

| Type of instrument | Industry in which companies operate | Fair value of Company's share KZT'000 | Valuation technique | Significant unobservable inputs | Range of values | Effect from changes in significant unobservable inputs |
|---|---|---|---|---|---|---|
| Unquoted equity instruments | Transport and logistics | 78,683,847 | Income approach, discounted cash flows | EBITDA margin | 14.59%-24.12% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Agriculture | 17,635,896 | Income approach, discounted cash flows | EBITDA margin | 10.08%-22.24% | If credit risk increases, the fair value of investment would decrease |
| | Production | 15,510,119 | Income approach, discounted cash flows | EBITDA margin | 17.64% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Alternative energy | 13,609,874 | Income approach, discounted cash flows | EBITDA margin | 66.38% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Venture funding | 10,267,263 | Adjusted NAV | Adjustment to NAV | - | If Net assets increases, the estimated fair value of investment would increase |
| | Energy | 8,691,865 | Income approach, discounted cash flows | EBITDA margin | 21.00% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Medical diagnostics | 2,356,387 | Income approach, discounted cash flows | EBITDA margin; Revenue growth | - | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Education | 2,937,641 | Income approach, discounted cash flows | EBITDA margin | 50.28% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Entertainment industry | 1,989,006 | Income approach, discounted cash flows | EBITDA margin | 14.15% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Other net assets of subsidiaries and private equity funds | 1,619,821 | | | | |
| **Debt instruments** | Debt instruments | 20,131,729 | Discounted contractual cash flows | Credit risk margin | 1.05%-9.60% | If credit risk increases, the fair value of investment would decrease |
| **Total** | | **173,433,448** | | | | |

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 Company 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 Company's share KZT'000** | **Valuation technique** | **Significant unobservable inputs** | **Range of values** | **Effect from changes in significant unobservable inputs** |
|---|---|---|---|---|---|---|
| **Unquoted equity instruments** | Transport and logistics | 70,037,390 | 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 | 24,501,299 | Income approach, discounted cash flows | Credit risk margin | 3.64%-4% | If credit risk increases, the fair value of investment would decrease |
| | Agriculture | 20,195,189 | Income approach, discounted cash flows | EBITDA margin | 20.3%-27% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Unconventional energy | 12,512,943 | 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 | 9,718,744 | Adjusted NAV | Adjustment to NAV | - | If Net assets increases, the estimated fair value of investment would increase |
| | Manufacturing | 6,631,723 | Income approach, discounted cash flows | EBITDA margin | 18% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Education | 2,224,571 | Income approach, discounted cash flows | EBITDA margin; Revenue growth | 15.8% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Entertainment | 1,171,171 | Income approach, discounted cash flows | EBITDA margin | 22.7% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Medical diagnostics | 611,519 | Income approach, discounted cash flows | EBITDA margin | 18% | If EBITDA margin increases, the estimated fair value of investment would increase |
| | Other net assets of subsidiaries and private equity funds | (22,804,565) | | | | |
| **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** | | **145,663,362** | | | | If EBITDA margin increases, the estimated fair value of investment would increase |

Although the Company 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 2023 and 31 December 2022:

| | Effect on fair value as at 31 December 2023 | | Effect on fair value as at 31 December 2022 | |
|---|---|---|---|---|
| **KZT'000** | **Favourable** | **Unfavourable** | **Favourable** | **Unfavourable** |
| **Unquoted equity instruments** | | | | |
| Transport and logistics | 7,928,006 | (6,355,286) | 5,577,002 | (3,080,529) |
| Power industry | 1,350,922 | (1,152,270) | 421,742 | (408,267) |
| Agriculture | 1,178,779 | (1,035,579) | 592,784 | (134,771) |
| Unconventional energy | 999,341 | (852,894) | 718,964 | (626,739) |
| Manufacturing (EBITDA margin) | 1,788,570 | (1,735,874) | 2,845,390 | (2,615,845) |
| Venture funding | 513,363 | (513,363) | 476,412 | (476,412) |
| Entertainment | 99,450 | (99,450) | 114,287 | (104,176) |
| Education | 269,330 | (232,421) | 223,707 | (191,942) |
| Medical diagnostics | 4,567 | (4,389) | 4,628 | (4,413) |
| **Debt instruments** | 417,846 | (401,943) | 56,591 | (193,721) |
| **Total** | **14,550,174** | **(12,383,469)** | **11,031,507** | **(7,836,815)** |

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 2023:

| **KZT'000** | **Level 2** | **Total fair value** | **Total carrying amount** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 33,383,972 | 33,383,972 | 33,383,972 |
| Loans to customers | 9,577,054 | 9,577,054 | 10,679,384 |
| Investment financial assets | 8,408,979 | 8,408,979 | 8,192,773 |
| Other financial assets | 23 | 23 | 23 |
| Debt securities issued | (10,005,236) | (10,005,236) | (10,005,236) |
| Other financial liabilities | (225,741) | (225,741) | (225,741) |

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 | 29,174,825 | 29,174,825 | 29,174,825 |
| Loans to customers | 9,006,877 | 9,006,877 | 10,503,914 |
| Investment financial assets | 2,757,124 | 2,757,124 | 2,398,404 |
| Other financial assets | 158,936 | 158,936 | 158,936 |
| Debt securities issued | (9,781,569) | (9,781,569) | (9,781,569) |
| Other financial liabilities | (220,419) | (220,419) | (220,419) |

# 25 Other transactions

On 5 December 2023, the Company purchased 100% of the shares of ArcelorMittal Temirtau and NGT Holding join stock companies for a total cost of USD 286,000,000. The Company alienated (sold) them at the same cost to QSG Holding Limited. The cost of alienation (sale) was equal to the cost of purchase. The purchase and sale of shares occurred intra-month and in substance the Company acted as an intermediary (agent).

# 26 Events after the reporting date

For the period from 31 December 2023 until the approval of these separate financial statements, there were no events in the financial and economic activities of the Company that resulted in significant changes in the value of assets and liabilities.

The separate financial statements as at 31 December 2023 were approved by the Company s management on 30 May 2024.