

**JOINT STOCK COMPANY
SUBSIDIARY ORGANIZATION
OF HALYK BANK
HALYK FINANCE**

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2021

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

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Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2021

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Joint Stock Company Subsidiary Organization of Halyk Bank Halyk Finance ("the Company") as at 31 December 2021, and the related statements of profit or loss, comprehensive income for the year then ended, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the financial statements (the "financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.


The financial statements of the Company for the year ended 31 December 2021 were authorized for issue by the Management Board of the Company on 03 March 2022 and are subject for subsequent approval by the Board of Directors and the Sole Shareholder in accordance with the requirements of the legislation of the Republic of Kazakhstan.

On behalf of the Management Board:


Okhonov F.R.
Chairman of the Management Board

03 March 2022
Almaty, Kazakhstan




Seidakhmetova B.Y.
Chief Accountant

03 March 2022
Almaty, Kazakhstan

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Joint Stock Company Subsidiary Organization of Halyk Bank Halyk Finance

Opinion

We have audited the financial statements of Joint Stock Company Subsidiary Organization of Halyk Bank Halyk Finance ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement profit or loss, the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the 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 financial statements of the current period. The below matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Why the matter was determined to be a key audit matter**How the matter was addressed in the audit**

Measurement of the fair value of financial assets at fair value through profit or loss and fair value through other comprehensive income classified as Level 2 in accordance with the fair value hierarchy in accordance with IFRS 13.

As discussed in Note 25 to the Company's financial statements, as of 31 December 2021, financial assets at FVTPL and FVTOCI classified as Level 2 in accordance with the fair value hierarchy in accordance with IFRS 13 amounted to KZT 28,797,193 thousand and KZT 4,444,342 thousand, respectively. To determine the fair value of these financial assets, quoted prices on markets that are not active were used.

Due to the significance of the financial assets recorded at FVTPL and FVTOCI in these financial statements, and the subjectivity of judgements used by the Company's management in assessing the need for adjustments to prices on inactive markets, we consider it a key audit matter to verify that quoted prices in markets that are not active reflect the fair value of securities at the reporting date.

We gained an understanding of the processes involved in measuring the fair value of financial assets measured at FVTPL and FVTOCI.

On a sample basis, we have reviewed the inputs used in calculating the fair value of these financial assets.

For debt securities classified as Level 2 in the fair value hierarchy in accordance with IFRS 13, on a sample basis, we calculated the yield to maturity, and also compared it with the yield to maturity for securities with similar characteristics. In addition, we have verified that quoted prices reflect appropriate yield to maturity, and that the quoted price to yield to maturity ratio is reasonably consistent with the price to yield to maturity ratio for securities with similar characteristics.

We compared our calculations with the accounting records.

As a result of testing, we found no material misstatements.

Other Information – Annual report

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's 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.




Roman Sattarov
Auditor
Qualification certificate
No. MF-0000149
dated 31 May 2013




Zhangir Zhilysbayev
General Director
Deloitte LLP
State license on auditing in the
Republic of Kazakhstan
No. 0000015, type MFU-2, issued by
the, Ministry of Finance of the
Republic of Kazakhstan
dated 13 September 2006

03 March 2022
Almaty, Kazakhstan

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Profit or Loss for the Year Ended 31 December 2021 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020*
Interest income	6, 24	3,448,462	3,097,657
Interest expense	6, 24	(1,509,573)	(2,245,364)
NET INTEREST INCOME		1,938,889	852,293
Net gain on financial assets at fair value through profit or loss	7, 24	1,651,411	2,493,583
Net gain on foreign exchange operations	8	283,007	1,303,801
Commission income	9, 24	2,472,186	2,202,471
Commission expense	9	(170,207)	(159,450)
Net realised gain on financial assets at fair value through other comprehensive income	24	10,193	351,788
Recovery of expected credit losses on financial assets at fair value through other comprehensive income	16	28,189	25,580
Dividend income	10, 24	462,992	517,902
Recovery/(provision for) of expected credit losses		64,471	(48,358)
Other income, net	24	14,193	16,804
NET NON-INTEREST INCOME		4,816,435	6,704,121
OPERATING EXPENSES	11	6,755,324	7,556,414
		(1,845,509)	(1,562,997)
PROFIT BEFORE INCOME TAX		4,909,815	5,993,417
Income tax expense	12	(126,147)	(429,369)
NET PROFIT		4,783,668	5,564,048
Earnings per share	13	790	943

* As restated, see Note 5

On behalf of the Management Board:



Okhonov F.R.

Chairman of the Management Board

03 March 2022
Almaty, Kazakhstan



Seidakhmetova B.Y.
Chief Accountant

03 March 2022
Almaty, Kazakhstan

The notes on pages 12-55 form an integral part of these financial statements.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Comprehensive Income for the Year Ended 31 December 2021 (in thousands of Kazakhstani Tenge)

	Year ended 31 December 2021	Year ended 31 December 2020
NET PROFIT	4,783,668	5,564,048
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Net gain on revaluation of debt securities at fair value through other comprehensive income (2021, 2020 – net of tax – KZT nil)	17,820	351,005
Reclassification adjustment relating financial assets at fair value through other comprehensive income disposed of in the period (2021, 2020 – net of tax – KZT nil)	(10,193)	(351,788)
OTHER COMPREHENSIVE INCOME/(LOSS)	7,627	(783)
TOTAL COMPREHENSIVE INCOME	4,791,295	5,563,265

On behalf of the Management Board:

Okhonov F.R.
Chairman of the Management Board

03 March 2022
Almaty, Kazakhstan



Seidakhmetova B.Y.
Chief Accountant

03 March 2022
Almaty, Kazakhstan

The notes on pages 12-55 form an integral part of these financial statements.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Financial Position

as at 31 December 2021

(in thousands of Kazakhstani Tenge)

	Notes	31 December 2021	31 December 2020
ASSETS:			
Cash and cash equivalents	14, 24	1,949,294	3,208,528
Financial assets at fair value through profit or loss	15, 24	49,678,601	34,471,039
Financial assets at fair value through other comprehensive income	16, 24	4,550,899	3,050,313
Accounts receivable	17, 24	1,698,099	3,858,268
Current income tax assets		252,618	16,386
Other assets	18	84,251	141,050
Deferred income tax assets	12	48,902	117,339
Intangible assets		305,382	197,755
Property and equipment		215,760	91,396
Investment property		36,649	30,006
TOTAL ASSETS		58,820,455	45,182,080
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans received from related party	19, 24	17,017,590	7,783,131
Securities repurchase agreement obligations	20	14,198,991	10,859,076
Other liabilities	21, 24	517,921	906,800
Total liabilities		31,734,502	19,549,007
EQUITY:			
Share capital – ordinary shares	22	11,240,188	11,240,188
Financial assets at fair value through other comprehensive income revaluation reserve		146,773	139,146
Retained earnings		15,698,992	14,253,739
Total equity		27,085,953	25,633,073
TOTAL LIABILITIES AND EQUITY		58,820,455	45,182,080

On behalf of the Management Board:

Okhonov F.R.
Chairman of the Management Board

03 March 2022
Almaty, Kazakhstan



Seidakhmetova B.Y.
Chief Accountant

03 March 2022
Almaty, Kazakhstan

The notes on pages 12-55 form an integral part of these financial statements.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Changes in Equity for the Year Ended 31 December 2021 (in thousands of Kazakhstani Tenge)

	Share capital ordinary shares	Share capital preference shares	Revaluation reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total Equity
31 December 2019	4,099,259	7,140,929	139,929	10,688,599	22,068,716
Net profit	-	-	-	5,564,048	5,564,048
Other comprehensive loss	-	-	(783)	-	(783)
Conversion of preference shares to ordinary shares	7,140,929	(7,140,929)	-	(3)	(3)
Dividends declared and paid	-	-	-	(1,998,905)	(1,998,905)
31 December 2020	11,240,188	-	139,146	14,253,739	25,633,073
Net profit	-	-	-	4,783,668	4,783,668
Other comprehensive income	-	-	7,627	-	7,627
Dividends declared and paid	-	-	-	(3,338,415)	(3,338,415)
31 December 2021	11,240,188	-	146,773	15,698,992	27,085,953

On behalf of the Management Board:

Okhonov F.R.
Chairman of the Management Board

03 March 2022
Almaty, Kazakhstan

Seidakhmetova B.Y.
Chief Accountant

03 March 2022
Almaty, Kazakhstan

The notes on pages 12-55 form an integral part of these financial statements.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Cash Flows for the Year Ended 31 December 2021 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		2,747,009	1,957,395
Interest received on financial assets at fair value through other comprehensive income		319,068	426,128
Interest received from reverse repo transactions		32,934	19,390
Interest received from amounts due from credit institutions		-	182,232
Dividend income received		462,992	517,902
Fee and commission income received		2,309,851	1,816,919
Net realised gain on financial assets at fair value through profit or loss		(1,622,421)	(2,213,992)
Income received from sale of financial assets at fair value through other comprehensive income		10,193	351,788
Interest paid on loans received from related parties		(299,226)	(1,737,717)
Interest paid on repo transactions		(1,008,614)	(616,543)
Fee and commission paid		(170,207)	(159,450)
Operating expenses paid		(1,781,005)	(1,522,561)
Other income received		4,051	4,131
Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities		1,004,625	(974,378)
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Due from banks		-	321,034
Financial assets at fair value through profit or loss		(11,179,159)	9,329,751
Financial assets at fair value through other comprehensive income		(1,452,908)	3,845,962
Accounts receivable		2,346,501	(2,455,325)
Other assets		53,584	15,906
Increase/(decrease) in operating liabilities:			
Securities repurchase agreement obligations		3,284,500	(471,636)
Other liabilities		(388,899)	354,278
Cash (outflow)/inflow from operating activities before taxation		(6,331,756)	9,965,592
Income tax paid		(293,942)	-
Net cash (outflow)/inflow from operating activities		(6,625,698)	9,965,592
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment and intangible assets		(306,708)	(99,809)
Disposal of property and equipment and intangible assets		10,213	-
Net cash outflow from investment activities		(296,495)	(99,809)

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Statement of Cash Flows for the year ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	22	(3,338,415)	(1,998,905)
Proceeds from loan from related party	19	30,783,680	54,579,010
Repayment of loan from related party	19	(21,782,826)	(59,842,210)
Net cash inflow/(outflow) from financing activities		5,662,439	(7,262,105)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,259,754)	2,603,678
Effect of changes in foreign exchange rate on cash and cash equivalents		520	266
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,259,234)	2,603,944
CASH AND CASH EQUIVALENTS, beginning of the year	14	3,208,528	604,584
CASH AND CASH EQUIVALENTS, end of the year	14	1,949,294	3,208,528
Non-cash operations:			
Revaluation of investment property		-	11,480
Conversion of preference share to ordinary shares	22	-	(7,140,929)

On behalf of the Management Board:

Okhonov F.R.
Chairman of the Management Board

03 March 2022
Almaty, Kazakhstan



Seidakhmetova B.Y.
Chief Accountant

03 March 2022
Almaty, Kazakhstan

The notes on pages 12-55 form an integral part of these financial statements.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements
for the Year Ended 31 December 2021
(in thousands of Kazakhstani Tenge)

1. Organization

JSC Subsidiary Organization of Halyk Bank Halyk Finance ("the Company") is a legal entity registered in the Republic of Kazakhstan on 10 November 2004. The Company was established according to the decision of the Board of Directors of Joint Stock Company Halyk Bank, the sole founder of the Company ("the Parent"). The Company is regulated by the Agency for regulation and development of the financial market of the Republic of Kazakhstan. Primary licenses were received for brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder on 27 December 2004 and for investment portfolio management on 26 March 2005.

The above licenses have been replaced as a result of re-registration of the Company (change of the Company's name by adding "Subsidiary Organization of Halyk Bank"). As a result of re-registration a single license No. 4.2.92/28 for brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder and investment portfolio managements was issued by Agency for regulation and development of the financial market of the Republic of Kazakhstan on 26 December 2008.

Later, the Company, guided by the requirements of paragraph 5 of Article 2 of the Law of the Republic of Kazakhstan "On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Pension Benefits" dated 21 June 2013 No. 106-V, reissued the license in order to clarify the investment portfolio management activities with the subtype "without the right to attract voluntary pension contributions". In particular, the National Bank of the Republic of Kazakhstan issued license No. 4.2.92/28 dated 24 June 2014.

In November 2016, due to a change in the Company's legal address, to execute the requirements of point 10 of the Rules for issuing, suspending and revoking licenses to perform professional activities on the securities market, approved by Resolution of the Board of the National Bank No. 25 dated 26 February 2014, the license to perform professional activities on the securities market was re-registered by the National Bank and issued to JSC Halyk Finance dated 4 November 2017 as № 3.2.229/7.

With the approval of the Management Board of JSC Halyk Bank of Kazakhstan (Meeting No.17 dated April 9, 2018), in order to become participant of Astana International Financial Centre (AIFC) and in compliance with the decree of the President of the Republic of Kazakhstan No.633 of February 9, 2018 "On Measures of conveying the President's message to the general public of Kazakhstan dated January 10, 2018 regarding "New Development Opportunities in the Forth Industrial Revolution", it was decided to establish Halyk Finance Astana as the Company's branch office located in the Block "B" on the 8 Kunaev str. In Astana. On June 29, 2018, in compliance with AIFC legal and regulatory framework, the firm was registered as a recognized company.

On 7 November 2018, by the order of Bubeyev M. - acting CEO of the authorized body of the AIFC, the Company was licensed (No. 112018-008) to carry out the following activities:

- Performing investment transactions as a principal;
- Performing investment transactions as an agent;
- Investment management;
- Consulting on investing activities;
- Setting up investment deals.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

On 4 March 2019, the license was supplemented by another type of activity - management of collective investment schemes.

The aforementioned licenses for the corresponding types of activities at the AIFC are comparable to those issued by the National Bank of Kazakhstan to the Company itself.

On 31 December 2021, in accordance with the order of the Deputy Chairman of the Agency of the Republic of Kazakhstan for the regulation and development of the financial market dated 30 December 2021 No. 427, the Company received a banking license No. 4.3.15., which gives the right to carry out exchange operations with foreign currency, except for exchange operations with foreign currency in cash.

The principal activities of the Company are operations on the professional securities market, investment and corporate finance advisory services, including brokerage and dealing, distribution and underwriting of securities, securities trading as an agent in the Company's own right and rendering of asset management services.

During 2021 and 2020, the Company managed the following unit investment funds:

Investment fund name	Type of fund	License #
Taikazan	Closed unit investment fund for risk investment	Certificate of state registration #09/16 dd. 11/03/2013
Halyk-Valutniy	Interval mutual investment fund	Certificate of state registration #17 ot 08.12.2015
Realnye investicii	Closed unit investment fund for risk investment	Certificate of state registration # KZ48VHB00000062 ot 30.07.2019
Halyk-Likvidnyi	Interval mutual investment fund	Certificate of state registration # KZ96VHB00000071 ot 18.12.2019
Halyk-Perspektivnye investicii	Interval mutual investment fund	Certificate of state registration # KZ69VHB00000072 ot 18.12.2019
Halyk Sbalansirovannyi	Interval mutual investment fund	Certificate of state registration # KZ26VHB00000070 ot 18.12.2019

The closed unit investment risk fund "Taikazan" has been taken under management of the Company from JSC Troika Dialog Kazakhstan on 11 April 2013 and on 28 December 2020, it was transferred to the management of SkyBridge Invest JSC.

Interval mutual investment fund "Halyk-Valutniy" was registered in December 2015 and started functioning under management of the Company in February 2016.

The closed unit investment fund for risk investment "Realnye investicii" was registered in July 2019 and started under management of the Company in August 2019. On 12 October 2021, the existence of this fund was terminated.

Interval mutual investment funds "Halyk-Likvidnyi", "Halyk-Perspektivnye investicii" and "Halyk-Sbalansirovannyi" were founded and registered in December 2019 and began to operate under the management of the Company in June 2020.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

The Company's registered legal address is Abay st. 109B, Floor 5, Almaty, the Republic of Kazakhstan.

As at 31 December 2021 and 2020, the number of the Company's employees was 100 and 89, respectively.

The financial statements of the Company for the year ended 31 December 2021 were authorized for issue by the Management Board of the Company on 03 March 2022 and are subject for subsequent approval by the Board of Directors and the Sole Shareholder in accordance with the requirements of the legislation of the Republic of Kazakhstan.

2. Significant accounting policies

Statement of compliance

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

These financial statements have been prepared assuming that the Company is a going concern and will continue operation for the foreseeable future. As at 31 December 2021, the Company recognised net cash outflow from operating activities of KZT 6,625,699 thousand. The management believes that the Company will generate sufficient cash flow from sale of securities to settle its liabilities. The management of the Company has no intention or need to liquidate or significantly reduce the volume of its business.

These financial statements are presented in thousands of Kazakhstani tenge ("KZT thousand"), unless otherwise indicated.

These financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary of the economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Kazakhstani tenge ("KZT"). The presentation currency of the financial statements of the Company is the KZT. All values are rounded to the nearest thousand tenge, except when otherwise indicated.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Revenue recognition

Recognition of interest income and expense

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income and expense are recognized on an accrual basis using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

**Notes to the Financial Statements
for the Year Ended 31 December 2021 (continued)
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Recognition of income on repurchase and reverse repurchase agreements

Gain/loss on repurchase and reverse repurchase agreements is recognized as interest income or expense in the statement of profit or loss using the effective interest method.

Fee and commission income and expense are recognized when services are provided and received.

Recognition of dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Commission income from asset management

Revenue from the asset management services is the commission received for the asset management services rendered for a certain period of time. The commission of the company for the clients' asset management consists of fixed fee and variable fee. Fixed fee is determined based on the value of the net assets of clients under the Company's management and is recognized on a monthly basis as asset management services are rendered. Variable fee is paid based on the net investment income from assets under management for the calendar year and is recognized in the period in which the investment income was earned.

Commission income from brokerage services

Commission income from brokerage services is recognized as services are rendered and in accordance with the terms of the contract. Accounting of the financial instruments of the clients acquired by the Company as a broker on behalf of, at the expense and in the interests of the client on the basis of a brokerage service agreement with the right to maintain customer accounts as a nominal holder, is kept separate from own assets in off-balance accounts.

Financial instruments

The Company recognizes financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Trade and other receivables are measured after recognition at cost less impairment losses.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'at fair value through other comprehensive income' ("FVTOCI"), 'at amortized cost'. The classification depends on the business model and the contractual terms of a simple (basic) lending arrangement, according to which contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI) and is determined at the time of initial recognition.

Financial assets at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Fair value is determined in the manner described (see Note 25).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current reporting period, the Company has not identified a change in its business models.

Impairment losses, interest income calculated using the effective interest method, for debt instruments are recognized in profit or loss.

Foreign exchange difference of account adjustments to the fair value of debt financial instruments measured at fair value through other comprehensive income, and foreign exchange difference on equity financial instruments measured at fair value through other comprehensive income is reflected in equity.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss.

In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Financial assets at amortized cost

Financial assets are classified as at amortized cost which meet the criteria for the condition of a simple (basic) lending arrangement, according to which contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI) and are held within a business model whose objective is to collect the contractual cash flows.

Correspondent account transactions, “reverse repo” transactions, due from banks are assets whose hold to maturity / demand is a priority, therefore, they are held within a business model whose objective is to collect the contractual cash flows, and classified as at amortized cost which meet the criteria for the condition of a simple (basic) lending arrangement, according to which contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI).

The profit or loss reflects the result of derecognition of a financial asset, foreign exchange differences, accrual of interest income using the effective interest method, which is calculated based on transaction costs, including received commissions, and modifications of the financial asset related to the revision of the terms of the contract.

Financial assets at FVTPL

Any financial assets that are not held in categories at amortized cost or FVTOCI are measured at FVTPL and are held within a business model whose objective is holding of an asset for other purposes.

Investments in equity financial instruments do not meet the criterion for the condition of a simple (basic) loan agreement, according to which contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI) and are always measured at FVTPL, unless the Company decided to present subsequent changes in fair value of this investment in other comprehensive income (OCI). In this case, the investment in equity financial instrument will be measured at FVTOCI without the right to be further reclassified.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss in the line “Net gain on financial assets at fair value through profit or loss” except for gains/(losses) on foreign exchange transactions, which is disclosed in the line “Net gain/(loss) on foreign exchange operations”. Dividend and interest income earned on the financial asset are included in the ‘dividend income’ and ‘interest income’ lines, respectively, in the statement of profit or loss. Fair value is determined in the manner described (see Note 25).

Receivables

Accounts receivable are classified as financial assets at amortized cost. Accounts receivable are accounted separately for both operations related to the main activity and operations related to non-core activities, which include the Company's business operations.

Accounts receivable reflect the Company's claims towards counterparties for the Company's main and business operations, as well as advance payment to suppliers for goods and services on the Company's main and business activities.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Securities repurchase and reverse repurchase agreements

In the normal course of business, the Company enters into financial assets sale and purchase back agreements ("repos") and financial assets purchase and sale back agreements ("reverse repos"). Repos and reverse repos are utilized by the Company as an element of its treasury management. A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the financial statements and consideration received under these agreements is recorded as the liabilities.

Financial assets purchased under reverse repos are not recorded in the financial statements, while cash paid for reverse repos are recognized as claims and are classified within due from banks or cash and cash equivalents, depending on the original maturity of the agreements.

The transfer of securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Loans received from related parties, subordinated debt and other financial liabilities, are initially measured at fair value, net of transaction costs.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Financial liabilities are subsequently measured at amortized cost. Interest expense is calculated using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on current accounts in banks with an original maturity of three months or less and the loans under reverse repurchase agreements with original maturity up to three months.

Due from banks

In the normal course of business, the Company maintains advances and deposits for various periods of time with other banks. Due from banks are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Write-off of accounts receivable

Receivables are written off against the allowance for impairment losses when deemed uncollectible. Receivables are written off after management has exercised all possibilities available to collect amounts due to the Company. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment in the statement of profit or loss in the period of recovery.

Property and equipment

Furniture, equipment and other property are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

Buildings and other real estate	8%
Furniture and equipment	10-30%
Vehicles	7-10%
Other property and equipment	7-15%

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets are acquired separately. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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**Notes to the Financial Statements
for the Year Ended 31 December 2021 (continued)
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Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Operating taxes

Kazakhstan also has various other taxes, which are assessed on the Company's activities. These taxes are included as a component of operating expenses in the statement of profit or loss.

Share capital

Contributions to share capital are recognized at cost of the cash contributed.

Dividends on ordinary shares and dividends in excess of nominal dividends on preferred shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 "Events after the reporting period" ("IAS 10") and disclosed accordingly.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Retirement and other benefit obligations

In accordance with requirements of the legislation of the Republic of Kazakhstan pension payments are calculated by an employer as certain percentages of salary expenses and transferred to JSC Unified Accumulated Pension Fund (the "Fund"). This expense is charged to the statement of profit or loss in the period in which the related salaries are earned. Upon retirement all retirement benefit payments are made by the Fund. The Company does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

Fiduciary activities

The Company provides trustee services to its customers. The Company also provides depository services to its customers which include transactions with securities on their depository accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Company's financial statements. The Company accepts the operational risk on these activities, but the Company's customers bear the credit and market risks associated with such operations.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

The exchange rates used by the Company in the preparation of the financial statements as at year-end are as follows:

	31 December 2021	31 December 2020
KZT/1 US dollar	431.80	420.91
KZT/1 Euro	489.10	516.79

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Notes to the Financial Statements
for the Year Ended 31 December 2021 (continued)
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3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the Company management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the Company management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Impairment of financial assets

According to IFRS 9, ECLs are required to be measured through a loss allowance at an amount equal to: lifetime ECL that result from those default events on the financial instrument that are possible within 12 months (referred to as Stage 1), lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2), and in case of one or several impairment events for a financial asset (Stage 3).

Expected credit losses of Stage 1 the Company recognizes in respect of all financial assets subject to impairment requirements from the date of initial recognition, except the following cases:

- the credit risk on a financial asset has increased significantly since the initial recognition of this asset;
- a financial asset is credit-impaired upon initial recognition.

Expected credit losses of Stage 2 are required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. An increase in credit risk will be determined for each financial asset individually according to transition criteria, but not limited to them.

Expected credit losses of Stage 3 the Company recognizes in respect of financial assets for which one or more impairment events occurred.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

For a financial asset, the issuer of which is assigned an internal investment level rating, a significant increase in credit risk is not evaluated, as the Company recognizes these financial assets as having low credit risk. Thus, for financial assets with an "investment grade" rating, expected credit losses are calculated only for possible defaults within 12 months and are classified to Stage 1.

The criteria for the transfer of a financial asset from Stage 1 to Stage 2 are:

Quantitative assessment:

- reduction of the internal rating by 3 steps from the moment of its initial recognition, provided that at the reporting date the issuer was assigned a rating below investment grade BBB-;
- reduction of the internal rating by 1 step, if at the time of initial recognition the internal rating was assigned at the level from CCC + to D (not including);
- delay in payment of interest and / or principal debt for 1 business day or more, with the exception of technical delays;
- reduction of the value of this financial asset in the active market by 40% during the six-month period prior to the reporting date;

Qualitative assessment:

- negative news related to the issuer / counterparty, such as: deterioration of the issuer's financial condition, deterioration of the issuer's competitive position in its industry;
- systematic violation of prudential norms set by the regulator for consecutive 6 months in cases where the issuer is a credit institution, violation of legal requirements, etc.).

A financial asset that was transferred to Stage 2 can be classified into Stage 1 if the criteria for a significant increase in credit risk since the initial recognition mentioned above are no longer met at the reporting date, or the issuer's credit rating of the financial asset has been upgraded to investment level.

The criteria for the transfer of a financial asset to Stage 3 are:

Quantitative assessment:

- reduction of the internal rating to the level D (default);
- delay in payment of interest and / or principal debt for 30 calendar days or more;

Qualitative assessment:

- negative information about the issuer: liquidation, restructuring or other reorganization of the issuer related to its inability to pay obligations;
- catastrophic events as a result of which the issuer's activity is suspended;
- default on other financial instruments of the issuer / counterparty;
- introduction to the issuer of the observation procedure, or external management, or financial rehabilitation (reorganization), the appointment of an arbitration (competitive) manager or other similar actions and measures, etc.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

A financial asset that was transferred to Stage 3 may be classified to Stage 2 if the requirements for transition to Stage 3 are indicated above are no longer met at the reporting date.

4. Amendments to IFRSs affecting amounts reported in the financial statements

New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Company effective January 1, 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform (Phase 2)</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i>

The above standards and interpretations were reviewed by the Company's management, but did not have a significant effect on the financial statements of the Company.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
<i>IFRS 17 "Insurance contracts"</i>	1 January 2023
<i>Amendments to IFRS 17 "Insurance contracts"</i>	1 January 2023
<i>Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).</i>	1 January 2023
<i>Amendments to IAS 8 – "Definition of Accounting Estimates"</i>	1 January 2023
<i>Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"</i>	1 January 2023
<i>Annual Improvements to IFRS Standards 2018-2020:</i>	
<i>Amendments to IFRS 3 – "Reference to the Conceptual Framework"</i>	1 January 2022
<i>Amendments to IAS 16 Property, Plant and Equipment – Revenue Before Intended Use</i>	1 January 2022
<i>Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – "Onerous Contracts – Cost of Fulfilling a Contract"</i>	1 January 2022
<i>Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023
<i>Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

5. Restatement

Subsequent to the issuance of the Company's 2020 financial statements, the Company's management determined that it incorrectly included part of fair value gain on equity investments measured at fair value through profit or loss into 'net gain on foreign exchange operations' line. As a result, 'net gain on foreign exchange operations' have been restated and the amount of gain on foreign exchange on non-monetary assets was included in 'net gain on financial assets at fair value through profit or loss'.

	As previously reported 31 December 2020	Adjustments 31 December 2020	As restated 31 December 2020
Net gain on financial assets at fair value through profit or loss	1,125,551	1,368,032	2,493,583
Net gain on foreign exchange operations	2,671,833	(1,368,032)	1,303,801

6. Net interest income

	Year ended 31 December 2021	Year ended 31 December 2020
Interest income		
Financial assets at fair value through profit or loss	3,039,791	2,358,076
Financial assets at fair value through other comprehensive income	375,737	559,477
Assets under reverse repurchase agreements	32,934	19,390
Due from banks	-	160,714
Total interest income	3,448,462	3,097,657
Interest expense		
Loans received from related parties	(445,544)	(1,647,606)
Loans under repurchase agreements	(1,064,029)	(597,758)
Total interest expense	(1,509,573)	(2,245,364)
Net interest income	1,938,889	852,293

During the years ended 31 December 2021 and 2020, the total interest income on impaired financial assets amounted to KZT Nil.

7. Net gain on financial assets at fair value through profit or loss

	Year ended 31 December 2021	Year ended 31 December 2020*
Realized gain on trading operations	1,622,421	2,213,992
Fair value adjustment	28,990	279,591
Total net gain on financial assets at fair value through profit or loss	1,651,411	2,493,583

* As restated, see Note 5

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

For the year ended 31 December 2021, net gain on financial assets at fair value through profit or loss did not include net gain on foreign exchange operations on financial assets at fair value through profit or loss in amount of KZT 349,723 thousand (2020: net gain - KZT 775,080 thousand), which are reflected in Note 8.

8. Net gain on foreign exchange operations

	Year ended 31 December 2021	Year ended 31 December 2020*
Net gain on foreign exchange operations on financial assets at fair value through profit or loss, net	349,723	775,080
Net (loss)/gain from foreign currency purchase and sale operations	(2,982)	8,665
Net (loss)/gain on foreign exchange operations, net of financial assets at fair value through profit or loss, net	(63,734)	520,056
Total net gain on foreign exchange operations	283,007	1,303,801

* As restated, see Note 5

9. Commission income and expense

	Year ended 31 December 2021	Year ended 31 December 2020
Commission income:		
Asset management services	1,842,584	1,515,003
Brokerage services	352,932	312,654
Underwriting services	199,962	318,029
Market making services	75,748	55,825
Representative bondholders services	960	960
Total commission income	2,472,186	2,202,471
Commission expense:		
Custodian services	(134,441)	(128,268)
Trading commission	(1,256)	(13,089)
Other commission expense	(34,510)	(18,093)
Total commission expense	(170,207)	(159,450)

For the year ended 31 December 2021, the amount of variable and fixed income earned from asset management services amounted to KZT 1,222,699 thousand and KZT 544,860 thousand, respectively. During 2021, the Company accrued income received as a result of debt collection on certain financial instruments in accordance with the investment portfolio management agreement between JSC Halyk Finance and JSC Halyk Life in the amount of KZT 75,024 thousand.

For the year ended 31 December 2020, the amount of variable and fixed income earned from asset management services amounted to KZT 1,113,572 thousand and KZT 401,431 thousand, respectively

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Notes to the Financial Statements
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10. Dividend income

	Year ended 31 December 2021	Year ended 31 December 2020
Equity securities:		
JSC Halyk Bank	222,837	204,660
JSC KazTransOil	148,247	132,523
JSC Kazakhtelekom	43,780	8,992
AT&T INC	12,624	-
POLYMETAL INTERNATIONAL PLC	8,846	5,931
VERIZON COMMUNICATIONS INC	6,142	-
Turkcell Iletisim Hizmetleri AS	5,042	-
ETF VANECK VECTORS GOLD MINERS E	2,869	-
BARRICK GOLD CORP	2,269	-
KINROSS GOLD CORP	1,990	-
JSC Kcell	1,557	668
KAZ Minerals (KAZAKHMYS PLC)	1,367	13,098
Unilever PLC	1,366	-
Merck & Co Inc	802	-
VIACOMCBS Inc.	547	-
E-Commodities Holding Limited	223	-
JSC Kazatomprom	-	54,292
Vanguard Energy ETF	-	36,545
ETF Ishares MSCI Hong Kong	-	12,259
ETF ENERGY SELECT SECTOR SPDR	-	10,416
ETF Ishares MSCI EAFE ETF	-	9,161
ETF FlexShares Morningstar Global Upstream Natural Resources Index Fund	-	6,604
MEDIFAST INC	-	4,804
BOEING Co	-	4,003
Vanguard Emerging Markets ETF	-	3,794
ETF SPDR BARCLAYS SHORT TERM	-	3,158
Cameco Corporation	-	2,271
SEAGATE TECHNOLOGY	-	2,239
ETF Ishares MSCI India	-	1,221
MATERIALS SELECT SECTOR SPDR	-	787
Albemarle Corporation	-	476
Other	2,484	-
Total dividend income	462,992	517,902

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Notes to the Financial Statements
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11. Operating expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Staff costs and bonuses	1,260,408	1,230,962
Information services	115,289	61,217
Advertising cost	103,054	24,309
Depreciation and amortization	73,665	35,112
Rent	64,682	52,992
Property and equipment maintenance	50,117	35,438
Professional fees	40,938	17,044
Communication	31,872	50,493
Stationery	6,761	1,230
Subscription fees	5,893	3,812
Business trip expense	4,435	653
Training	2,819	538
Insurance	2,239	3,467
Taxes, other than income tax	2,105	1,274
Other expense	81,232	44,456
Total operating expenses	1,845,509	1,562,997

For the years ended 31 December 2021 and 2020, provision on bonuses totaled to KZT 221,554 thousand and KZT 462,922 thousand, respectively.

12. Income taxes

The Company measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Kazakhstan where the Company operates, which may differ from IFRS.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2021 and 2020 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by corporate entities in the Republic of Kazakhstan on taxable profits (as defined) under tax law in that jurisdiction.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Temporary differences as at 31 December 2021 and 2020 comprise:

	31 December 2021	31 December 2020
Deductible temporary differences:		
Bonuses accrued, but not paid	240,831	575,109
Vacation reserves accrued, but not paid	118,197	112,967
Total deductible temporary differences	359,028	688,077
Taxable temporary differences:		
Property and equipment and intangible assets	(114,519)	(101,382)
Total taxable temporary differences	(114,519)	(101,382)
Net deductible temporary differences	244,509	586,695
Net deferred tax assets at the statutory rate (20%)	48,902	117,339

According to the Tax Code, realised losses on securities, shall be compensated at the expense of income from capital gains received in selling other securities, with the exception of income from capital gains received in sale of securities by using the method of open auctions at stock exchanges operating in the Republic of Kazakhstan. Gains received from sale of securities by using the method of open auctions at stock exchanges operating in the Republic of Kazakhstan are tax exempt. Where those losses may not be compensated in the period in which they were incurred, they may be carried forward for the next ten years inclusive and be compensated at the expense of capital gain income received from sales of other securities. During years ended 31 December 2021 and 2020, the Company did not have any losses which may be carried forward for the next years.

Relationships between tax expenses and accounting profit for the years ended 31 December 2021 and 2020 are presented as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Profit before income tax	4,909,815	5,993,417
Tax at the statutory tax rate 20%	981,963	1,198,683
Tax-exempt interest income and other related income on state and other qualifying securities	(744,686)	(670,290)
Non-taxable (income)/loss from recovery of provision for impairment losses on financial assets	(18,532)	4,556
Non-taxable dividend income	(92,598)	(103,580)
Income tax expense	126,147	429,369
Current income tax expense	57,710	446,333
Deferred income tax expense/(benefit)	68,437	(16,964)
Income tax expense	126,147	429,369
	2021	2020
Deferred income tax assets		
Beginning of the year	117,339	100,375
Change in deferred income tax balance recognized in profit or loss	(68,437)	16,964
End of the year	48,902	117,339

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Notes to the Financial Statements
for the Year Ended 31 December 2021 (continued)
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13. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of participating shares outstanding during the year.

	Year ended 31 December 2021	Year ended 31 December 2020
Net income for the year attributable to equity holders	4,783,668	5,564,048
Less: dividends paid on preferred shares	-	-
Earnings attributable to common Shareholders	4,783,668	5,564,048
Weighted average number of ordinary shares for purposes of basic or diluted earnings per share	6,057,289	5,899,901
Earnings per share – basic and diluted (KZT)	790	943

The book value per share for each type of shares as at 31 December 2021 and 2020 is as follows:

Type of shares	31 December 2021			31 December 2020		
	Outstanding shares	Net assets (as calculated per KASE rules)	Book value per share (KZT)	Outstanding shares	Net assets (as calculated per KASE rules)	Book value per share (KZT)
Ordinary shares	6,057,289	26,780,571	4,421	6,057,289	25,435,318	4,199
Preference shares	-	-	-	-	-	-
		26,780,571			25,435,318	

The number of outstanding ordinary and preferred shares is calculated net of treasury shares. Net assets are calculated by subtracting intangible assets, total liabilities and share capital from preference shares from total assets.

According to amendments enacted to the KASE Listing Rules effective from 25 August 2010, listed companies are required to present book value per share (ordinary and preferred) in their financial statements. In the table above, net assets value and book value per share is calculated in accordance with the methodology in the KASE Listing Rules.

14. Cash and cash equivalents

	31 December 2021	31 December 2020
Current accounts with banks in foreign currency	1,891,703	432,537
Current accounts with banks in KZT	57,591	31,014
Loans under reverse repurchase agreements	-	2,744,977
Total cash and cash equivalents	1,949,294	3,208,528

As at 31 December 2021 there were no loans under reverse repurchase agreements.

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Fair value of assets pledged and carrying amount of loans under reverse repurchase agreements as at 31 December 2020 are presented as follows:

	31 December 2020	
	Fair value of collateral	Carrying amount of loans
Coupon bonds of JSC KazAgroFinance	2,745,002	2,744,977

As at 31 December 2021 and 31 December 2020, cash and cash equivalents allowance for expected credit losses comprised KZT 20 thousand and KZT 32 thousand, respectively, and cash and cash equivalents were classified to Stage 1 in accordance with impairment classification of financial assets. There was no movement of expected credit losses in cash and cash equivalents between stages of impairment during the year.

15. Financial assets at fair value through profit or loss

	31 December 2021	31 December 2020
Debt securities	43,418,903	29,182,542
Equity securities	6,259,698	5,288,497
Total financial assets at fair value through profit or loss	49,678,601	34,471,039

	31 December 2021		31 December 2020	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Debt securities:				
Bonds of financial institutions of Kazakhstan	4.13% - 19.00%	19,229,294	4.13% - 12.00%	11,075,838
Corporate bonds	3.50% - 11.50%	14,027,034	3.50% - 11.50%	9,380,733
Bonds of the Ministry of Finance of the Republic of Kazakhstan	5.40% - 10.78%	6,907,203	5.40%	6,021,277
Bonds of foreign financial institutions	8.75% - 11.00%	2,442,202	5.75% - 11.00%	2,704,694
Foreign government bonds	3.88% - 5.88%	813,170	-	-
Total debt securities		43,418,903		29,182,542

As at 31 December 2021 and 2020, debt securities at fair value through profit or loss included accrued interest in the amount of KZT 732,058 thousand and KZT 585,316 thousand, respectively.

As at 31 December 2021 and 2020, the fair value of financial assets at fair value through profit or loss through repurchase agreements is KZT 12,318,049 thousand and KZT 11,159,724 thousand, respectively. As of December 31, 2021 and 2020, the carrying amount of repurchase transactions for the expense of assets is KZT 12,187,283 thousand and KZT 10,859,076 thousand, respectively (Note 20).

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

	31 December 2021	31 December 2020
Equity securities:		
JSC KazTransOil	1,223,555	1,082,863
JSC «Kazakhtelecom»	782,240	726,900
POLYMETAL INTERNATIONAL PLC	727,064	124,689
JSC Halyk Bank	519,443	1,785,607
VERIZON COMMUNICATIONS INC	296,384	-
BARRICK GOLD CORP	206,311	-
Unilever PLC	203,337	-
VANECK VECTORS GOLD MINERS E	200,266	-
ALIBABA GROUP HOLDING LTD	194,813	221,582
GLOBAL PAYMENTS INC	182,117	-
AT&T INC	179,941	-
JSC Kcell	171,260	40,016
Halyk-Перспективные инвестиции	145,246	-
ИПИФ Halyk-Сбалансированный	144,333	-
DIDI GLOBAL INC	139,580	-
JSC Kazakhstan Stock Exchange	133,580	133,580
CIGNA CORPORATION	127,711	-
FEDEX CORP	119,275	-
STANLEY BLACK & DECKER INC	113,699	-
Qazaqstan Equity Passive SPC Limited	109,262	-
Qazaqstan Equity Active SPC Limited	107,314	-
VISA INC	104,056	-
BAIDU INC	98,877	-
E-COMMODITIES HOLDING LIMITED	518	161
JSC Kazatomprom	-	505,640
CHINA MOBILE LTD	-	207,605
AMAZON.COM INC	-	130,233
KAZ Minerals PLC	-	115,936
VERTEX PHARMACEUTICALS INC	-	110,719
SINGAPORE TELECOMMUNICATIONS LIMITED	-	102,966
Other	29,517	-
Total equity securities	6,259,698	5,288,497

As at 31 December 2021 and 2020, the ownership interest of equity instruments did not exceed 4.8% and 2.5%, respectively.

16. Financial assets at fair value through other comprehensive income

	31 December 2021	31 December 2020
Debt securities	4,550,899	3,050,313
Total financial assets at fair value through other comprehensive income	4,550,899	3,050,313

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

	31 December 2021		31 December 2020	
	Nominal interest rate	Fair value	Nominal interest rate	Fair value
Debt securities:				
Bonds of financial institutions of Kazakhstan	9.40%	1,256,685	5.50% - 15.00%	1,862,724
Corporate bonds	5.75% - 11.50%	1,174,397	5.75% - 11.50%	1,187,589
Bonds of the Ministry of Finance of the Republic of Kazakhstan	10.50%	2,119,817	-	-
Total debt securities		4,550,899		3,050,313

As at 31 December 2021 and 2020, financial assets at fair value through other comprehensive income included accrued interest in the amount of KZT 188,866 thousand and KZT 123,651 thousand, respectively.

As at 31 December 2021 and 2020, the fair value of financial assets at fair value through other comprehensive income repurchased is KZT 2,013,825 thousand and KZT nil, respectively. As at 31 December 2021 and 2020, the carrying amount of repo transactions on the above assets is KZT 2,011,709 thousand and KZT nil, respectively (Note 20).

As at 31 December 2021 and 2020, the allowance for expected credit losses on financial assets at fair value through other comprehensive income was KZT 644,779 million and KZT 672,968 thousand, respectively.

The tables below analyze the movement of the gross carrying value of financial assets at fair value through profit or loss and the allowance for expected credit losses during the 2021 and 2020:

	Stage 1	Stage 3	Total
	12-month ECL	Lifetime ECL	
Carrying amount as at 1 January 2020	6,768,177	671,383	7,439,560
Changes in the carrying amount			
- Decrease due to change in credit risk	-	(24,764)	(24,764)
Financial assets that have been derecognised	(3,448,183)	-	(3,448,183)
Other changes	(243,332)	-	(243,332)
Gross carrying amount as at 31 December 2020	3,076,662	646,619	3,723,281
Changes in the carrying amount			
- Changes due to modifications that did not result in derecognition	-	(27,230)	(27,230)
New financial assets originated or purchased	2,120,681	-	2,120,681
Financial assets that have been derecognised	(662,419)	-	(662,419)
Other changes	41,365	-	41,365
Gross carrying amount as at 31 December 2021	4,576,289	619,389	5,195,678

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

	Stage 1 12-month ECL	Stage 3 Lifetime ECL	Total
Allowance for expected credit losses as at 1 January 2020	27,165	671,383	698,548
Changes in the allowance for expected credit losses			
- Decreases due to change in credit risk	-	(24,764)	(24,764)
Financial assets that have been derecognised	(3,134)	-	(3,134)
Other changes	2,318	-	2,318
Allowance for expected credit losses as at 31 December 2020	26,349	646,619	672,968
Changes in the allowance for expected credit losses			
- Changes due to modifications that did not result in derecognition	-	(27,230)	(27,230)
New financial assets originated or purchased	866	-	866
Financial assets that have been derecognized	(871)	-	(871)
Other changes	(954)	-	(954)
Allowance for expected credit losses as at 31 December 2021	25,390	619,389	644,779

The Company held one security classified as corporate bonds for which the issuer had defaulted on payment of fifth, sixth and seventh coupon interest during period from 18 July 2013 to 18 January 2015. As at 31 December 2021 and 2020, those securities with total outstanding balance of KZT 619,389 thousand and KZT 646,619 thousand, respectively, were classified in Stage 3.

17. Accounts receivable

	31 December 2021	31 December 2020
Accrued commission income for asset management services	1,388,295	1,216,436
Accrued commission income for brokerage services	95,074	64,228
Accrued commission income for underwriting services	11,629	52,000
Guarantee fees for participating on trade platform on KASE	6,000	6,000
Accounts receivable for the principal and accrued interest on bonds matured but not repaid	-	2,388,511
Other	200,744	201,326
	1,701,742	3,928,501
Less: allowance for expected credit losses	(3,643)	(70,233)
Total accounts receivable	1,698,099	3,858,268

As of 31 December 2021 and 2020, accrued commission income for asset management services mainly includes success fee earned on investment income generated on management of the net assets of the related parties, which exceeded the levels of the investment income levels agreed by asset management agreements.

On 31 December 2020, JSC "Halyk Bank of Kazakhstan", as the sole shareholder of JSC "Halyk Finance", made a partial early redemption of international bonds XS0867478124, XS0867573890 (BTASe16), issued in the amount of USD 750,000,000, with a coupon rate of 5.5% and with a maturity in 2022. Partial early repayment was made in the amount of KZT 2,388,511 thousand and accrued but unpaid interest on the redeemed securities in the amount of KZT 119,986 thousand with a value date as at 31 December 2020 (date of coupon payment). This liability was repaid by JSC "Halyk Bank of Kazakhstan" on 5 January 2021.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

The expected credit losses on trade receivables (without overdue) outstanding amount and/or interest are calculated on an individual basis. The expected credit losses for other trade receivables (with any overdue) are calculated on a collective basis.

The Company used data from Moody's Corporate Default Report to calculate expected credit losses for trade receivables to determine the probability of default for 12 months and the level of default loss.

There have been no changes in evaluation methods or significant assumptions during the current reporting period. The Company did not recognize a loss allowance of 100 per cent for receivables for any counterparty.

As at 31 December 2021 and 2020, expected credit losses on accounts receivable amounted to KZT 3,643 thousand and KZT 70,233 thousand, respectively, and accounts receivable were classified to Stage 1 in accordance with impairment classification of financial assets. There was no movement of expected credit losses in accounts receivables between stages of impairment during the year.

Movements in allowance for expected credit losses on accounts receivable are presented as follows:

	Allowance for expected credit losses on accounts receivable
1 January 2020	19,294
Additional provision recognized	130,132
Reserve recovery	(79,193)
31 December 2020	70,233
Additional provision recognized	75,334
Write-off	(2,131)
Reserve recovery	(139,793)
31 December 2021	3,643

18. Other assets

	31 December 2021	31 December 2020
Prepaid expenses	47,831	128,742
Prepaid insurance	29,178	3,111
Tax settlements, other than income tax	5,142	7,043
Inventory	2,100	2,154
Total other assets	84,251	141,050

As at 31 December 2021 and 2020, other assets fully represent non-financial assets.

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Notes to the Financial Statements
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19. Loans received from related party

	31 December 2021		
	Interest rate, %	Maturity	Carrying amount
Loans received from JSC Halyk Bank	3.20% - 12.00%	March 2022 - December 2024	17,017,590
Total loans received from related party			17,017,590

	31 December 2020		
	Interest rate, %	Maturity	Carrying amount
Loans received from JSC Halyk Bank	10.50% - 11.00%	April 2021 – June 2021	7,783,131
Total loans received from related party			7,783,131

As at 31 December 2021 and 2020, loans received from related party included accrued interest in the amount of KZT 283,704 thousand and KZT 137,386 thousand, respectively.

In case of breach of obligations such as the repayment of principal or interest amount to the Parent; in cases of the Company's reorganization; change in the shareholders; decrease in authorized capital of the Company without the Parent's consent and in case of inappropriate use of the loan funds, the Parent can unconditionally withdraw from Company's current accounts the funds up to KZT 7,614,837 thousand. The Company is not required to keep minimum amounts on its current accounts. As of 31 December 2021 and 2020, the Company did not breach terms of the loan agreement.

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows from financing activities.

	31 December 2020	Net cash inflow	Change in accrued interest	Foreign exchange movement	31 December 2021
Loans received from related party	7,783,131	9,000,854	146,318	87,287	17,017,590
	31 December 2019	Net cash outflow	Change in accrued interest	Foreign exchange movement	31 December 2020
Loans received from related party	13,311,008	(5,263,200)	(90,111)	(174,566)	7,783,131

Joint Stock Company Subsidiary Organization Of Halyk Bank Halyk Finance

Notes to the Financial Statements
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20. Securities repurchase agreement obligations

	31 December 2021	31 December 2020
Loans under repurchase agreements	14,134,866	10,850,366
Interest payable	64,125	8,710
Total loans under repurchase agreements	14,198,991	10,859,076

Fair value of assets pledged and carrying amount of loans under securities repurchase agreement obligations as at 31 December 2021 and 2020 are presented as follows:

	31 December 2021	
	Fair value of collateral	Carrying amount of loans
Coupon bonds of the Ministry of Finance of the Republic of Kazakhstan	8,813,437	8,734,546
Coupon bonds of JSC Kazakhstan Sustainability Fund	2,887,857	2,833,866
Discount notes of JSC Development Bank of Kazakhstan	2,630,580	2,630,579
Total	14,331,874	14,198,991

	31 December 2020	
	Fair value of collateral	Carrying amount of loans
Coupon bonds of the Ministry of Finance of the Republic of Kazakhstan	5,681,987	5,773,051
Coupon bonds of JSC Kazakhstan Sustainability Fund	2,755,353	2,756,447
Coupon bonds of JSC NC Kazakhstan temir zholy	1,443,747	1,227,348
Discount notes of JSC Development Bank of Kazakhstan	1,278,637	1,102,230
Total	11,159,724	10,859,076

21. Other liabilities

	31 December 2021	31 December 2020
Other financial liabilities:		
Other accounts payable	116,937	218,724
	116,937	218,724
Other non-financial liabilities:		
Bonuses reserve	240,831	575,109
Accumulated employee benefits, vacation reserves	133,198	123,271
Other taxes payable	25,955	20,556
Other	1,000	10
	400,984	718,946
Total other liabilities	517,921	906,800

22. Share capital

As at 31 December 2021 and 31 December 2020, the authorized, issued and fully paid share capital comprised 6,057,289 ordinary shares for the total amount of KZT 11,240,188 thousand. Each ordinary share is entitled to one vote and equal rights in the distribution of dividends.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

On 26 November 2019, JSC "Halyk Bank of Kazakhstan", as the sole shareholder of JSC "Halyk Finance", decided to increase the number of authorized common shares of JSC "Halyk Finance" to 8,000,000 and to convert the placed preferred shares to common shares of JSC "Halyk Finance". On 28 January 2020 in the accounting system of JSC Central Securities Depository registered the operation of conversion the preferred shares of JSC Halyk Finance to common shares of JSC Halyk Finance in accordance with the above decision. The exchange ratio of the offered preferred shares into common shares was 2,08765480. The number of common shares of JSC "Halyk Finance" received in exchange for 985,455 preferred shares of JSC "Halyk Finance" amounted to 2,057,289 pieces. The total number of offered common shares of JSC "Halyk Finance" after the exchange amounted to 6,057,289 pieces.

During 2021, the Company declared total amount of dividends to its ordinary and preference shareholders in the amount of KZT 3,338,415 thousand. Dividend per share amounted to KZT 0.55.

During 2020, the Company declared total amount of dividends to its ordinary and preference shareholders in the amount of KZT 1,998,905 thousand. Dividend per share amounted to KZT 0.33.

23. Commitments and contingencies

Capital commitments

As at 31 December 2021 and 2020, the Company had no material commitments for capital expenditure outstanding.

Operating lease commitments

As at 31 December 2021 and 2020, the Company had no material commitments on operating lease outstanding.

Legal proceedings

In the ordinary course of business, the Company could be subject to legal actions and claims. Management believes that the ultimate liability, if any, arising from such actions or claims will not have a material adverse effect on the financial position or the results of future operations of the Company.

Fiduciary activities

In the normal course of its business the Company enters into agreements with limited rights on decision making with clients for their asset management in accordance with specific criteria established by clients. Those assets and securities that are held for fiduciary capacity are not included in these financial statements.

During the years ended 31 December 2021 and 2020, the Company had asset management agreements with Joint Stock Company "Subsidiary Organization of Halyk Bank "Halyk Life" ("JSC Halyk Life"), Joint Stock Company "Subsidiary Organization of Halyk Bank "Insurance Company Halyk" ("JSC IC Halyk"), and LLP "Subsidiary Organization of Halyk Bank "Halyk Inkassatsiya" (LLP "Halyk Inkassatsiya").

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

On 31 August 2021, the Company concluded a trust management agreements for two investment portfolios of AIX FM Limited – QAZAQSTAN EQUITY ACTIVE SPC LIMITED and QAZAQSTAN EQUITY PASSIVE SPC LIMITED.

As at 31 December 2021 and 2020, financial assets of JSC Halyk Life managed by the Company amounted to KZT 207,840,371 thousand and KZT 172,432,111 thousand, respectively. As at 31 December 2021 and 2020, financial assets of JSC IC Halyk managed by the Company amounted to KZT 86,647,420 thousand and KZT 78,380,073 thousand, respectively. As at 31 December 2021 and 31 December 2020, the financial assets of LLP Halyk Inkassatsiya amounted to KZT 1,717,464 thousand and KZT 2,124,180 thousand. As at 31 December 2021 and 2020, financial assets of QAZAQSTAN EQUITY ACTIVE SPC LIMITED managed by the Company amounted to KZT 884,816 thousand and KZT nil, respectively. As at 31 December 2021 and 2020, financial assets of QAZAQSTAN EQUITY PASSIVE SPC LIMITED managed by the Company amounted to KZT 886,237 thousand and KZT nil, respectively.

The carrying amount of the financial assets under management of the Company approximates to the fair value due to the nature of the assets under management. The commission income is determined as a certain percentage from the financial assets. There is also success fee earned if investment income exceeds certain levels. The Company does not bear any risk in cases when investment income is negative.

Taxation

Tax legislation of the Republic of Kazakhstan may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Company's business activities, was to be challenged by the tax authorities, the Company may be assessed with additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on receivables, as an underestimation of the taxable profit. The management of the Company believes that it has accrued all tax amounts due and therefore no allowance have been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

Employees of the Company receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2021 and 2020, the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

The impact of changes in economic conditions on the Company's future results of operations and financial position may be significant.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and Kazakhstan economy.

Management of the Company is monitoring developments in the current environment and taking measures it considered necessary in order to support the sustainability and development of the Company's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Company might be significant.

24. Transactions with related parties

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures".

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions outstanding with related parties:

	31 December 2021		31 December 2020	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
Cash and cash equivalents	21,404	1,949,294	18,926	3,208,528
- the Parent	21,404		18,926	
Financial assets at fair value through profit or loss	671,413	49,678,601	3,817,491	34,471,039
- the Parent	537,833		3,683,911	
- other related parties	133,580		133,580	
Financial assets at fair value through other comprehensive income	-	4,550,899	292,085	3,050,313
- the Parent	-		292,085	
Accounts receivable	1,327,237	1,698,099	3,508,218	3,858,268
- entities under common control	1,311,303		1,056,358	
- the Parent	15,660		2,389,833	
- key management personnel of the Company or its Parent	246		1,237	
- Other related parties	28		60,790	
Loans received from related party	17,017,590	17,017,590	7,783,131	7,783,131
- the Parent	17,017,590		7,783,131	
Other liabilities	40,060	517,921	36,355	906,800
- other related parties	21,686		13,867	
- key management personnel of the Company or its Parent	16,551		15,708	
- entities under common control	1,150		1,299	
- the Parent	673		5,481	

The remuneration of directors and other members of key management comprise:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Key management personnel compensation:				
- short-term employee benefits	235,525	1,260,408	155,396	1,230,962

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Notes to the Financial Statements for the Year Ended 31 December 2021 (continued) (in thousands of Kazakhstani Tenge)

The following amounts which were recognized in transactions with related parties included in the statement of profit or loss for the years ended 31 December 2021 and 2020:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Interest income	12,292	3,448,462	212,243	3,097,657
- the Parent	12,292		212,243	
Interest expense	(445,544)	(1,509,573)	(1,647,606)	(2,245,364)
- the Parent	(445,544)		(1,647,606)	
Net gain from financial assets at fair value through profit or loss	681,217	1,651,411	366,008	2,493,583
- the Parent	681,217		366,008	
Commission income	1,648,761	2,472,186	1,442,319	2,202,471
- entities under common control	1,635,027		1,368,604	
- other related parties	6,336		62,488	
- key management personnel of the Company or its Parent	4,510		6,097	
- the Parent	2,888		5,130	
Net realized gain on financial assets at fair value through other comprehensive income	-	10,193	327	351,788
- the Parent	-		327	
Dividend income	222,837	462,992	204,660	517,902
- the Parent	222,837		204,660	
Other income	-	14,193	2,256	16,804
- entities under common control	-		2,256	

25. Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Company could realize in a market exchange from the sale of its full holdings of a particular instrument.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (In thousands of Kazakhstani Tenge)

The Company's valuation approach and fair value hierarchy categorization for certain significant classes of financial instruments recognized at fair value at 31 December 2021 and 2020 are as follows:

Financial Instruments	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2021	31 December 2020				
Non-derivative financial assets at fair value through profit or loss	20,881,408	10,062,543	Level 1	Quoted bid or last deal prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss	28,797,193	24,408,496	Level 2	Quoted bid or last deal prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income	106,557	410,355	Level 1	Quoted bid or last deal prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income	4,444,342	2,639,958	Level 2	Quoted bid or last deal prices in a market that is not active.	Not applicable	Not applicable

As of 31 December 2021 and 2020, the Company had securities measured at fair value through profit or loss and through other comprehensive income where the Company used quote prices from market that is not active to identify the fair value. For these securities, classified in Level 2 in accordance with the fair value hierarchy, the Company reviews periodically to determine their fair value using observable inputs for similar assets or liabilities supported by market data. Based on its analysis, management uses its professional judgment to assess whether it is necessary to adjust quoted prices from an inactive market.

As at 31 December 2021 and 2020 in its investment securities portfolio there are no equity securities held at cost.

During the year there were no any reclassifications of securities between Level 1 and 2.

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost and recognized in the financial statements approximate their fair values.

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Notes to the Financial Statements
For the Year Ended 31 December 2020 (Continued)
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26. Risk management policies

Management of risk is fundamental to the Company's business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to market movements in interest rates, fair values and currencies as well as liquidity risk. A summary description of the Company's risk management policies in relation to the financial risks is discussed below.

Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash equivalents, due from banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost and trade and other receivables. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of trade and other accounts receivable less allowance for impairment losses represents the maximum amount exposed to credit risk. The Company has no significant concentrations of credit risk. Financial assets at fair value through profit or loss consist of quoted securities of major Kazakhstan financial institutions and corporations, which have a good reputation and international ratings, bonds of the Ministry of Finance of the Republic of Kazakhstan and foreign issuers' quoted bonds and shares.

Maximum exposure of credit risk

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks to which specific assets are exposed, and general market economy risks.

As at 31 December 2021 and 2020, for financial assets in the statement of financial position, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral, except cash and cash equivalents.

Financial assets are graded according to the current credit rating they have been issued by an international rating agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Company:

	A+	BBB	<BBB	Not rated	31 December 2021 Total
Cash and cash equivalents	-	-	1,926,501	22,793	1,949,294
Financial assets at fair value through profit or loss	601,082	19,864,170	26,213,723	2,999,626	49,678,601
Financial assets at fair value through other comprehensive income	-	2,226,374	1,067,840	1,256,685	4,550,899
Accounts receivable	-	444,946	910,199	342,954	1,698,099

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (in thousands of Kazakhstani Tenge)

	AAA	BBB	<BBB	Not rated	31 December 2020 Total
Cash and cash equivalents	-	-	456,758	2,751,770	3,208,528
Financial assets at fair value through profit or loss	662,387	5,969,973	27,353,594	485,085	34,471,039
Financial assets at fair value through other comprehensive income	-	-	3,050,313	-	3,050,313
Accounts receivable	-	354,182	3,137,708	366,378	3,858,268

The finance industry is generally exposed to credit risk through its financial assets and contingent liabilities. Credit risk exposure of the Company is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Company's risk management policy are not breached.

As at 31 December 2021 and 2020, there were no other impaired assets except for certain overdue debt securities of Kazakhstani issuers in the statement of financial position, which were fully provisioned by the Company (Note 16).

Geographical concentration

The Investment Committee exercises control over the risk in the legislation and regulatory area and assesses its influence on the Company's activity. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan. The geographical concentration of the financial assets and liabilities at 31 December 2021 and 2020 is set out below:

	Republic of Kazakhstan	OECD Countries	Non-OECD Countries	31 December 2021 Total
FINANCIAL ASSETS				
Cash and cash equivalents	1,949,294	-	-	1,949,294
Financial assets at fair value through profit or loss	43,633,193	1,733,096	4,312,312	49,678,601
Financial assets at fair value through other comprehensive income	4,550,899	-	-	4,550,899
Accounts receivable	1,696,686	79	1,334	1,698,099
TOTAL FINANCIAL ASSETS	51,830,072	1,733,175	4,313,646	57,876,893
FINANCIAL LIABILITIES				
Loans received from related parties	17,017,590	-	-	17,017,590
Securities repurchase agreement obligations	14,198,991	-	-	14,198,991
Other financial liabilities	116,937	-	-	116,937
TOTAL FINANCIAL LIABILITIES	31,333,518	-	-	31,333,518
NET POSITION	20,496,554	1,733,175	4,313,646	26,543,375

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (in thousands of Kazakhstani Tenge)

	Republic of Kazakhstan	OECD Countries	Non-OECD Countries	31 December 2020 Total
FINANCIAL ASSETS				
Cash and cash equivalents	3,208,528	-	-	3,208,528
Financial assets at fair value through profit or loss	30,694,002	519,568	3,257,469	34,471,039
Financial assets at fair value through other comprehensive income	3,050,313	-	-	3,050,313
Accounts receivable	3,854,335	3,897	36	3,858,268
TOTAL FINANCIAL ASSETS	40,807,178	523,465	3,257,505	44,588,148
FINANCIAL LIABILITIES				
Loans received from related parties	7,783,131	-	-	7,783,131
Securities repurchase agreement obligations	10,859,076	-	-	10,859,076
Other financial liabilities	182,624	3,377	1,853	187,854
TOTAL FINANCIAL LIABILITIES	18,824,831	3,377	1,853	18,830,061
NET POSITION	21,982,347	520,088	3,255,652	25,758,087

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Investment Committee controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimisation.

In order to manage liquidity risk, the Company performs daily monitoring of future expected cash flows on clients' and other operations, which is a part of assets/liabilities management process.

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	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2021 Total
FINANCIAL ASSETS						
Financial assets at fair value through profit or loss	43,418,903	-	-	-	-	43,418,903
Financial assets at fair value through other comprehensive income	-	-	-	3,376,502	1,174,397	4,550,899
Total interest bearing financial assets	43,418,903			3,376,502	1,174,397	47,969,802
Cash and cash equivalents	1,949,294	-	-	-	-	1,949,294
Financial assets at fair value through profit or loss	6,259,698	-	-	-	-	6,259,698
Accounts receivable	1,691,748	-	6,000	351	-	1,698,099
Total financial assets	53,319,643	-	6,000	3,376,853	1,174,397	57,876,893
FINANCIAL LIABILITIES						
Loans received from related parties	-	2,416,518	13,088,307	1,512,765	-	17,017,590
Securities repurchase agreement obligations	14,198,991	-	-	-	-	14,198,991
Total interest bearing financial liabilities	14,198,991	2,416,518	13,088,307	1,512,765	-	31,216,581
Other financial liabilities	116,937	-	-	-	-	116,937
Total financial liabilities	14,315,928	2,416,518	13,088,307	1,512,765	-	31,333,518
Liquidity gap	39,003,715	(2,416,518)	(13,082,307)	1,864,088	1,174,397	26,543,375
Interest sensitivity gap	29,219,912	(2,416,518)	(13,088,307)	1,863,737	1,174,397	16,753,221
Cumulative interest sensitivity gap	29,219,912	26,803,394	13,715,087	15,578,824	16,753,221	
Cumulative interest sensitivity gap as a percentage of total financial assets	66%	60%	31%	35%	38%	

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (in thousands of Kazakhstani Tenge)

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2020 Total
FINANCIAL ASSETS						
Cash and cash equivalents	2,744,977	-	-	-	-	2,744,977
Financial assets at fair value through profit or loss	29,182,542	-	-	-	-	29,182,542
Financial assets at fair value through other comprehensive income	-	-	365,080	1,497,643	1,187,590	3,050,313
Total interest bearing financial assets	31,927,519	-	365,080	1,497,643	1,187,590	34,977,832
Cash and cash equivalents	463,551	-	-	-	-	463,551
Financial assets at fair value through profit or loss	5,288,497	-	-	-	-	5,288,497
Accounts receivable	3,851,917	-	6,000	351	-	3,858,268
Total financial assets	41,531,484	-	371,080	1,497,994	1,187,590	44,588,148
FINANCIAL LIABILITIES						
Loans received from related parties	-	-	7,783,131	-	-	7,783,131
Securities repurchase agreement obligations	10,859,076	-	-	-	-	10,859,076
Total interest bearing financial liabilities	10,859,076	-	7,783,131	-	-	18,642,207
Other financial liabilities	187,854	-	-	-	-	187,854
Total financial liabilities	11,046,930	-	7,783,131	-	-	18,830,061
Liquidity gap	30,484,554	-	(7,412,051)	1,497,994	1,187,590	25,758,087
Interest sensitivity gap	21,068,443	-	(7,418,051)	1,497,643	1,187,590	16,335,625
Cumulative interest sensitivity gap	21,068,443	21,068,443	13,650,392	15,148,035	16,335,625	
Cumulative interest sensitivity gap as a percentage of total financial assets	47%	47%	31%	34%	37%	

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (in thousands of Kazakhstani Tenge)

There is no significant difference between the discounted and undiscounted amount of financial liabilities as majority of financial liabilities are of short term nature, except for loans received from related party for which the difference between the discounted and undiscounted amount as at 31 December 2021 and 2020 amounted to KZT 134,241 thousand and KZT 15,386 thousand, respectively.
As at 31 December 2021 and 2020, loans received from related party was classified as Level 3.

As of 31 December 2021 and 2020, financial assets at fair value through profit or loss were categorized as "Up to 1 month." not based on the maturity of financial instruments as Management believes that those securities can be sold in short period of time if needed.

Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. In 2021, there have been no significant changes as to the way the Company measures risk or to the risk it is exposed.

The Investment Committee manages interest rate and market risks by matching the Company's interest rate position, which provides the Company with a positive interest margin. The Management Board conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in interest rates and its influence on the Company's profitability.

The Company's management monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

Interest rate risk

The Company manages interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The level of these changes is determined by management and is contained within the risk reports provided to key management personnel.

Impact from financial asset at fair value through profit or loss:

	31 December 2021		31 December 2020	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Assets:				
Financial assets at fair value through profit or loss	(4,790,312)	6,874,562	(3,105,697)	4,010,080
Net impact on profit or loss and on equity	(4,790,312)	6,874,562	(3,105,697)	4,010,080

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (in thousands of Kazakhstani Tenge)

Impact from financial asset at fair value through other comprehensive income:

	31 December 2021		31 December 2020	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Assets:				
Financial assets at fair value through other comprehensive income	(461,557)	573,406	(316,529)	416,252
Net impact on equity	(461,557)	573,406	(316,529)	416,252

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of fluctuations in the foreign currency exchange rates on its financial position and cash flows.

The Company's exposure to foreign currency exchange rate risk is presented in the table below:

	Kazakhstani tenge	USD 1= KZT431.80	Other currencies	31 December 2021 Total
Monetary assets				
Cash and cash equivalents	57,591	1,891,703	-	1,949,294
Financial assets at fair value through profit or loss	31,359,599	3,878,650	8,180,654	43,418,903
Financial assets at fair value through other comprehensive income	4,444,342	106,557	-	4,550,899
Accounts receivable	1,697,878	221	-	1,698,099
Total monetary assets	37,559,410	5,877,131	8,180,654	51,617,195
Monetary liabilities				
Loans received from related parties	13,752,042	3,265,548	-	17,017,590
Securities repurchase agreement obligations	14,198,991	-	-	14,198,991
Other financial liabilities	116,937	-	-	116,937
Total monetary liabilities	28,067,970	3,265,548	-	31,333,518
OPEN BALANCE SHEET POSITION	9,491,440	2,611,583	8,180,654	

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Notes to the Financial Statements For the Year Ended 31 December 2020 (Continued) (in thousands of Kazakhstani Tenge)

	KZT	USD 1= 420.91 KZT	Other currencies	31 December 2020 Total
Monetary assets				
Cash and cash equivalents	2,775,991	429,070	3,467	3,208,528
Financial assets at fair value through profit or loss	15,865,783	4,914,650	8,402,109	29,182,542
Financial assets at fair value through other comprehensive income	2,639,959	410,354	-	3,050,313
Accounts receivable	1,368,925	2,489,343	-	3,858,268
Total monetary assets	22,650,658	8,243,417	8,405,576	39,299,651
Monetary liabilities				
Loans received from related parties	7,783,131	-	-	7,783,131
Securities repurchase agreement obligations	10,859,076	-	-	10,859,076
Other financial liabilities	182,903	3,098	1,853	187,854
Total monetary liabilities	18,825,110	3,098	1,853	18,830,061
OPEN BALANCE SHEET POSITION	3,825,548	8,240,319	8,403,723	

Currency risk sensitivity

The following table details the Company's sensitivity to increase and decrease in the KZT against USD. The sensitivity analysis includes only foreign currency amounts outstanding at the end of the period and adjusts their translation at the period end for a 15% change in foreign currency rates. As at 31 December 2021 and 2020, the Company's Management believes that 15% is a possible movement in the exchange rate.

Impact on profit or loss before income tax and equity based on asset values as at 31 December 2021 and 2020:

	As at 31 December 2021		As at 31 December 2020	
	KZT/USD 15+%	KZT/USD -15%	KZT/USD +15%	KZT/USD -15%
Impact on equity	58,761	(58,761)	185,407	(185,407)
Impact on profit or loss and equity	391,737	(391,737)	1,236,048	(1,236,048)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

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The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Price risk

The Company follows a number of principles in its investment policies: it makes investments from which it expects an appropriate return, and ensures that they offer a high degree of security. Sufficient liquidity is also important at all times coupled with a targeted diversification in terms of type of investment.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

27. Segment reporting

The Company's main activities are concentrated in Kazakhstan and are primarily represented by investment activities. The Company identifies a segment in accordance with the criteria set out in IFRS 8 Operating Segments and based on how the Company's operations are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources between the Company's business units.

The Company's Chairman of the Management board has been identified as the chief operating decision maker. The chief operating decision maker reviews the company's internal reporting to assess financial performance and allocate resources. Segment performance is measured based on operating profit or loss and measured in accordance with operating profit or loss in the separate financial statements prepared in accordance with IFRS. Based on these internal reports, management has identified a single operating segment – investment activities.

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28. Subsequent events

In early January 2022, there were mass protests in Kazakhstan, which escalated into riots. On January 5, a state of emergency was introduced in the territory of the Republic of Kazakhstan, which lasted until January 19. During the period of mass protests, internet access was restricted throughout the territory of Kazakhstan, the work of banks was suspended, transactions were not carried out in the stock market, trading was not carried out in commodity exchanges, air travel was suspended, and business operations were disrupted due to the lack of communication between departments and the inability to make settlements. By January 15, the situation in the Republic of Kazakhstan has stabilized and taken under the control of the government authorities. The government has taken a course to stabilize the political and socio-economic situation.

In February 2022, tenge depreciated significantly against major foreign currencies amid the external geopolitical situation. In order to reduce the negative impact of external factors on the Kazakhstani economy, the National Bank of the Republic of Kazakhstan ("NBK") raised the base rate from 10.25% to 13.5% per annum with a corridor of +/- 1.0 p.p., and interventions on the currency market were performed to support tenge exchange rate against foreign currencies. However, there is uncertainty exists related to the future development of the geopolitical risks and their impact on the economy of the Republic of Kazakhstan.

The tense social situation in Kazakhstan had a negative impact on the securities of both the state and corporate sectors of the economy. As a result of these events, the Company's investment portfolio, as well as portfolios of clients held in trust management, were subject to a negative revaluation of financial instruments of Kazakh issuers. As the situation in the country stabilizes, there is a recovery in the value of financial instruments, at the same time, timely measures by the National Bank to tighten monetary policy provided support to the national currency. The positive factor is that the growth of the base rate implies higher yields on debt instruments, and also increases their interest among foreign investors. Joint actions of the government and the regulator contribute to the growth of confidence of market participants, and have a positive impact on the formation of market prices.

The Company's management is monitoring the current changes in the economic and political situation and is taking the measures it believes are necessary to maintain the sustainability and development of the Company's business in the near future. However, the effects of past events and related future developments may have a material impact on the Company's operations.