REPORT ARCHIVE COPY

JOINT STOCK COMPANY
Halyk Global Markets

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2022

JOINT STOCK COMPANY HALYK GLOBAL MARKETS

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JOINT STOCK COMPANY HALYK GLOBAL MARKETS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Management of Joint Stock Company Halyk Global Markets (hereinafter - "the Company") is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2022, 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 significant accounting policies and notes to the financial statements in compliance with International Financial Reporting Standards (hereinafter - "IFRSs").

In preparing the financial statements, management is responsible for:

- ensuring proper selection and application of accounting policies;
- presenting information, including data on accounting policies, in a manner that provides relevance, reliability, comparability and understandability of such information;
- disclosure of additional information in cases where compliance with requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, as well as other events or conditions have on the Company's financial position and financial performance; and
- an assessment of the Company's ability to continue as a going concern for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal controls, throughout the Company;
- maintaining adequate accounting system that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable to ensure that the financial statements of the Company comply with IFRSs;
- maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- taking all steps which are reasonably available 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 2022 were authorized for issue by the Management of the Company on 17 February 2023.

On behalf of the Management of the Company:

R. Assilbekov
Chairman of the Management Board

17 February 2023
Almaty, Kazakhstan

A. Zhamanakov
Chief Accountant

17 February 2023
Almaty, Kazakhstan

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Joint Stock Company Halyk Global Markets

Opinion

We have audited the financial statements of Joint Stock Company Halyk Global Markets (hereinafter - "the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and 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 2022, 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.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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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.

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

Zhangir Zhilysbayev
Engagement Partner
Qualified Auditor
of the Republic of Kazakhstan
Qualification Certificate No MF-0000116
dated 22 November 2012
General Director
Deloitte LLP

17 February 2023
Almaty, Kazakhstan

JOINT STOCK COMPANY HALYK GLOBAL MARKETS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Fee and commission income	5, 19	106,501	253,936
Fee and commission expense	5, 19	(21,160)	(30,215)
Interest income calculated using effective interest method	6, 19	435,080	468,631
Interest income on financial assets at fair value through profit or loss	6, 19	1,644,221	1,039,324
Interest expense	6, 19	(171,000)	(167,916)
Net (loss)/gain on financial assets at fair value through profit or loss	19	(1,802,948)	1,777,477
Net realized (loss)/gain on financial assets at fair through other comprehensive income		(477)	1
Dividend income	19	374,722	480,687
OPERATING INCOME		564,939	3,821,925
OPERATING EXPENSES	7, 19	(409,620)	(954,189)
NET OPERATING PROFIT		155,319	2,867,736
Net loss on foreign exchange operations	8	(337,317)	(7,177)
Recovery of provision		27,130	832
Other expenses		(8,620)	-
(LOSS)/PROFIT BEFORE INCOME TAX		(163,488)	2,861,391
Income tax (expense)/benefit	9	(76,251)	115,845
NET (LOSS)/PROFIT		(239,739)	2,977,236
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Unrealized (loss)/gain on transactions with financial assets at fair value through other comprehensive income, including provision for expected credit losses (net of tax – KZT Nil)		(144,388)	15,808
Cumulative gain/(loss) on investments in debt instruments classified as at fair value through other comprehensive income reclassified to profit or loss upon disposal (net of tax – KZT Nil)		477	(1)
Other comprehensive (loss)/income after income tax		(143,911)	15,807
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(383,650)**	**2,993,043**

On behalf of the Management of the Company:

R. Assilbekov
Chairman of the Management Board

17 February 2023
Almaty, Kazakhstan

A. Zhamanakov
Chief Accountant

17 February 2023
Almaty, Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

JOINT STOCK COMPANY HALYK GLOBAL MARKETS

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(in thousands of Kazakhstani tenge)

	Notes	31 December 2022	31 December 2021
ASSETS:			
Cash and cash equivalents	10, 19	1,210,769	531,378
Due from banks	11	-	684,955
Financial assets at fair value through profit or loss	12, 19	15,216,053	22,279,099
Financial assets at fair value through other comprehensive income	13	2,023,647	2,477,858
Financial assets at amortised cost	14	1,713,235	1,530,503
Accounts receivable	19	44,708	95,415
Property, equipment and intangible assets		18,680	37,969
Deferred tax assets	9	87,182	153,624
Other assets		233,924	239,932
TOTAL ASSETS		**20,548,198**	**28,030,733**
LIABILITIES AND EQUITY			
LIABILITIES:			
Liabilities on repurchase agreements	15	-	551,034
Short-term bank loans	16, 19	-	6,193,075
Reserves and other liabilities	17	17,683	372,459
TOTAL LIABILITIES		**17,683**	**7,116,568**
EQUITY:			
Share capital	18	1,475,180	1,475,180
Additional paid in capital	18	3,843,913	3,843,913
Financial assets at fair value through other comprehensive income revaluation reserve		(97,747)	46,164
Retained earnings		15,309,169	15,548,908
TOTAL EQUITY		**20,530,515**	**20,914,165**
TOTAL LIABILITIES AND EQUITY		**20,548,198**	**28,030,733**

On behalf of the Management of the Company:

R. Assilbekov
Chairman of the Management Board

17 February 2023
Almaty, Kazakhstan

A. Zhamanakov
Chief Accountant

17 February 2023
Almaty, Kazakhstan

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JOINT STOCK COMPANY HALYK GLOBAL MARKETS

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Kazakhstani tenge)

	Share capital	Additional paid in capital	Financial assets at fair value through other comprehensive income revaluation (deficit)/reserve	Retained earnings	Total equity
As at 31 December 2020	**1,475,180**	**3,843,913**	**30,357**	**13,698,709**	**19,048,159**
Dividends paid	-	-	-	(1,127,037)	(1,127,037)
Other comprehensive income	-	-	15,807	-	15,807
Net profit	-	-	-	2,977,236	2,977,236
As at 31 December 2021	**1,475,180**	**3,843,913**	**46,164**	**15,548,908**	**20,914,165**
Other comprehensive loss	-	-	(143,911)	-	(143,911)
Net loss	-	-	-	(239,739)	(239,739)
As at 31 December 2022	**1,475,180**	**3,843,913**	**(97,747)**	**15,309,169**	**20,530,515**

On behalf of the Management of the Company:

R. Assilbekov
Chairman of the Management Board

17 February 2023
Almaty, Kazakhstan

A. Zhamanakov
Chief Accountant

17 February 2023
Almaty, Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

JOINT STOCK COMPANY HALYK GLOBAL MARKETS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Kazakhstani tenge)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/profit before income tax		(163,488)	2,861,391
Adjustments for:			
Recovery of provision		(27,130)	(832)
Unrealized loss/(gain) on financial assets at fair value through profit or loss		1,098,793	(887,148)
Realized loss/(gain) on financial assets at fair value through other comprehensive income		617	(1)
Amortization of discount on securities		(264,197)	(186,412)
Net loss/(gain) on foreign exchange operations		337,317	(88,694)
Loss from disposal of property and equipment and intangible assets		8,829	-
Depreciation and amortization	7	10,460	7,654
Change in vacation and bonus expense reserves		(281,202)	223,036
Change in accrued interest, net		37,323	(203,357)
Cash inflow from operating activities before changes in operating assets and liabilities		757,322	1,725,577
Changes in operating assets and liabilities			
Decrease/(increase) in operating assets:			
Due from banks		686,758	462,269
Financial assets at fair value through profit or loss		6,018,214	(6,457,917)
Accounts receivable		62,988	784,234
Other assets		8,591	(48,041)
Increase/(decrease) in operating liabilities:			
Liabilities on repurchase agreements		(550,431)	(1,235,368)
Other liabilities		(73,574)	39,689
Cash inflow/(outflow) from operating activities before taxation		6,909,868	(4,729,557)
Income tax paid		(12,505)	(27,991)
Net cash inflow/(outflow) from operating activities		6,897,363	(4,757,548)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of financial assets at amortized cost		-	(1,485,815)
Purchase of property, equipment and intangible assets		-	(13,645)
Proceeds on sale of financial assets at fair value through other comprehensive income		433,291	14
Net cash inflow/(outflow) from investing activities		433,291	(1,499,446)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short-term loans received	18,16	-	6,488,465
Short-term loans repaid	18,16	(6,631,581)	(438,373)
Dividends paid		-	(1,127,037)
Net cash (outflow)/inflow from financing activities		(6,631,581)	4,923,055
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		699,073	(1,293,185)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(19,682)	40,754
CASH AND CASH EQUIVALENTS, beginning of year	10	531,378	1,824,563
CASH AND CASH EQUIVALENTS, end of year	10	**1,210,769**	**531,378**

Interest received by the Company during the year ended 31 December 2022 amounted to KZT 2,174,087 thousand (2021: KZT 1,507,013 thousand).

Interest paid by the Company during the year ended 31 December 2022 amounted to KZT 224,482 thousand (2021: KZT 116,082 thousand).

On behalf of the Management of the Company:

R. Assilbekov
Chairman of the Management Board

17 February 2023
Almaty, Kazakhstan

A. Zhamanakov
Chief Accountant

17 February 2023
Almaty, Kazakhstan

The notes on pages 9-40 form an integral part of these financial statements.

1. Organization

JSC Halyk Global Markets (earlier - JSC Kazkommerts Securities) (hereinafter - "the Company") is a joint stock company, which was incorporated in the Republic of Kazakhstan in 1997. The Company is regulated by the Agency for Regulation and Development of Financial Market ("the ARDFM") in accordance with the License No. 3.2.236/13 dated 15 July 2020 with the right to carry on activities relating to management of investment portfolio without the right to attract voluntary pension contributions and carry on brokerage and dealing activities on capital market with the right of book keeping as the nominee holder.

The Company's primary activity consists of operating in the securities market, including brokerage and dealing services, providing investment and corporate financial advisory services, organizing the issue, distribution and underwriting of securities and purchasing and selling securities as an agent. During 2022 and 2021 the Company's net loss and net income, respectively, are mainly generated from the activity with Company's own assets.

The registered office of the Company is located at Abay st. 109B, Floor 5, Almaty, the Republic of Kazakhstan.

During 2022 and 2021, the Company's average number of employees was 26 and 34, respectively.

As at 31 December 2022 and 2021, JSC Halyk Bank (hereinafter - "the Parent") owned 100% of the Company's share capital. The Parent is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

These financial statements were authorized for issue on 17 February 2023 by the Management Board of the Company.

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.

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

Basis of preparation

These financial statements have been prepared on the historical cost basis except for certain financial instruments.

(in thousands of Kazakhstani tenge)

Exchange rates for the currencies in which the Company transacts were as follows:

	31 December 2022	31 December 2021
Kazakhstani tenge / USD	462.65	431.80

The same accounting policies, presentation and methods of computation have been followed the year ended 31 December 2022 as were applied in the presentation of the Company's financial statements for the year ended 31 December 2021.

Net interest income

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 rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for the estimated expected credit losses allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets purchased or originated credit-impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Fee and commission income/expense

Fee and commission income include fees other than those that are not an integral part of EIR (see above). Fee and commission expenses with regards to services are accounted for as the services are received.

Net gain/(loss) on financial assets at FVTPL

Net gain/(loss) on financial assets at FVTPL includes all gains and losses from changes in the fair value of financial assets.

Dividend income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, taking into account transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized in profit or loss.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, which include solely payments of principal and interest on the principal amount outstanding (SPPI), after initial recognition are measured at amortized cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows, which include solely payments of principal and interest, and to sell the debt instruments, after initial recognition, are measured at fair value through other comprehensive income (FVTOCI);
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

Debt instruments at amortized cost or 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.

The contractual cash flows, which exclusively include payments of principal and interest, are consistent with the terms of the underlying lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI, which include solely principal payments and interest on the principal amount outstanding. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is performed at the date of initial application of IFRS 9 to determine the classification of a financial asset. The business model is applied retrospectively to all financial assets existing at the date of initial application of IFRS 9. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation.

The Company's has more than one business model for managing its financial instruments that reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

When making the business model assessment the Company considers all relevant information available. However, this assessment is not performed based on scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- A mechanism for evaluating the effectiveness of the business model and financial assets held within that business model and reporting to key management personnel;
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in other comprehensive income (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 fair value through profit or loss are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; and/or
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

All of assets are measured at fair value with revaluation recognized in profit or loss.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on *Modification and derecognition of financial assets* described below.

Impairment

The Company recognizes loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at fair value through profit or loss:

- Cash and cash equivalents;
- Due from banks;
- Financial assets at fair value through other comprehensive income;
- Accounts receivable.

No impairment loss is recognized on equity investments.

ECL (excluding losses on credit-impaired financial assets created or acquired, which are discussed separately below) should be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

If the credit risk on a given financial instrument has increased significantly since initial recognition, then a loss provision is required for the financial instrument for the entire life of ECLs. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as "Stage 3 assets". Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or delay in payment;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

In some cases, it is not possible to identify a single event because the credit impairment of a financial asset can be caused by the cumulative effect of several events. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if government and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forecast information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forecast data.

The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The main indicator of a significant increase in credit risk is quantitative information, which is about the change in the probability of default over the life of the instrument, determined by comparing:

- The probability of default over the remaining life of the asset, estimated on the basis of evidence available at initial recognition and the original contractual terms; and
- The probability of default during remaining life of the asset at the reporting date based on the revised terms.

The indicators of the probability of default used are forward looking and the Company uses the same methodologies and data used to measure estimated allowance for expected credit loss.

The qualitative factors that indicate significant increase in credit risk are reflected in a timely manner in models of the probability of default. However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default will be more significant for a financial instrument with a lower initial probability of default than compared to a financial instrument with a higher probability of default.

Modification and derecognition of financial assets

Modification of a financial asset occurs if, in the period between the date of initial recognition and the date of repayment of the financial asset, there is a revision or other modification of the contractual terms governing the cash flows of the asset. The modification affects the amount and/or timing of the cash flows provided for in the contract either at the same time or in the future.

When modifying a financial asset, the Company assesses whether this modification results in derecognition of the asset. In accordance with the Company's policy, a modification leads to derecognition if it leads to significant differences in the contractual terms. In order to determine whether the modified terms differ significantly from the original contractual terms, the Company analyzes:

- Qualitative factors. For example, after changing the terms, the cash flows provided for in the contract include not only payments to the principal amount of the debt and interest; the currency of the contract or the counterparty has changed. The degree of changes in interest rates, maturities, and covenants is also analyzed.

If these factors do not explicitly indicate a significant modification, then:

- A quantitative assessment is carried out to compare the present value of the remaining contractual cash flows in accordance with the original terms of the contract and cash flows in accordance with the revised terms, with both amounts discounted using the original effective interest rate.

If a financial asset is derecognized, the estimated allowance for expected credit losses is revalued at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between the revised carrying amount and the fair value of the new financial asset under the new terms will result in a gain or loss on derecognition.

In the event of a change in the contractual terms of a financial asset that does not result in derecognition of the asset, the Company determines whether the credit risk on such an asset has increased significantly since the initial recognition by comparing:

- the probability of default during the remaining life of the asset, estimated on the basis of data available at initial recognition and the original contractual terms; and
- the probability of default during the remaining life of the asset as at the reporting date based on the revised terms.

A financial asset is derecognised only if the rights to cash flows under the relevant contract are terminated (including the expiration of rights as a result of a modification leading to a material change in the contractual terms) or if the financial asset and all major risks and benefits associated with the ownership of the asset are transferred to another entity. If the Company does not transfer and does not retain all the main risks and benefits associated with the ownership of the asset and continues to control the transferred asset, then it reflects its share in this asset and the associated liability in the amount of possible payment of the corresponding amounts. If the Company retains all the main risks and benefits associated with the ownership of the transferred financial asset, then it continues to account for this asset.

Upon complete derecognition of a financial asset, the difference between the carrying amount of the asset and the amount of compensation received, as well as accounts receivable and total profit/loss previously recognized in profit or loss and accumulated in equity, is recognized in profit or loss. The exception is equity investments classified in the FVTPL category, for which the accumulated profit/loss previously attributed to other comprehensive income is not subsequently reclassified to profit or loss.

Presentation of allowance for ECL in the statement of financial position

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

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between:
(1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

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.

Securities repurchase and reverse repurchase agreements and securities lending operations

In the normal course of business, the Company enters into sale and purchase back agreements (hereinafter - "repo agreements") and purchase and repurchase of financial assets agreements (hereinafter - repo repurchase agreements"). Repos and reverse repo are used by the Company as an element of its liquidity management tools.

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 collateralized deposit received within other short-term financial liabilities.

Assets purchased under reverse repos are recorded in the financial statements as cash placed on deposit which is collateralized by securities and other assets and are classified within cash and cash equivalents.

The Company enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice.

Under standard terms for repurchase transactions in Kazakhstan, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

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.

Recognition of income on repurchase and reverse repurchase agreements

Gain/loss on the sale of the above instruments is recognised as interest income or expense in the statement of profit or loss based on the difference between the repurchase price accreted to date using the effective interest method and the sale price when such instruments are sold to third parties. When the reverse repo/repo is fulfilled on its original terms, the effective yield/interest between the sales and repurchase price negotiated under the original contract is recognised using the effective interest method.

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 recognised at fair value and subsequently measured at amortised cost using the effective interest method. Due from banks are carried net of allowance for impairment losses, if any.

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 Company operates ("the functional currency"). The presentation currency of the financial statements of the Company is the Kazakhstani tenge ("tenge"). 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 recognised 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.

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 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. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is 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 the statement of profit or loss and other comprehensive income, except when it relates 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

The Republic of Kazakhstan where the Company operates 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 and other comprehensive income.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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 be transferred to JSC Unified Accumulative Pension Fund selected by employees. This expense is charged to the statement of profit or loss and other comprehensive income in the period in which the related salaries are earned. Upon retirement all retirement benefit payments are made by the pension 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 activity

The Company provides trustee services to its customers. The Company also provides depositary services to its customers which include transactions with securities on their depositary 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. Revenue for provision of trustee services is recognised as services are provided.

Share capital

Contributions to share capital are recognised at initial cost. Non-cash contributions are recognised at the fair value of those assets at the contribution date.

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends on common shares are recognised 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" and disclosed accordingly.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 recognised in profit or loss in the period in which they arise.

3. Critical accounting judgment 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 recognised 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.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

As explained in Note 2, amount of expected credit losses is measured as an allowance equal to 12-month ECL (for Stage 1 assets), or lifetime ECL assets (for Stage 2 or 3 assets). An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Valuation of financial instruments

As described in Note 21, the Company uses valuation techniques that include inputs that are not based on observable market date to estimate the fair value of certain types of financial instruments. Note 21 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

(in thousands of Kazakhstani tenge)

4. Adoption of new and revised International Financial Reporting Standards (IFRSs)

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

The following amendments and interpretations are effective for the Company effective 1 January 2022, but did not have a material impact on the Company:

- *Amendments to IFRS 3 Reference to the Conceptual Framework*
- *Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use*
- *Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle*

The application of new standards and interpretations did not lead to significant changes in the Company's accounting policies that affect on the financial information of the current and previous periods.

New and revised IFRS Standards in issue but not yet effective. At the date of authorisation of these financial statements, the Group 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
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17) "Insurance contracts"
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"
Amendments to IAS 8 "Definition of Accounting Estimates"
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company 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.

5. Fee and commission income and expense

	Year ended 31 December 2022	Year ended 31 December 2021
Fee and commission income:		
Market maker service	55,118	54,875
Brokerage services	35,306	37,299
Financial consulting and underwriter services	10,000	148,488
Investment fund management services	6,077	13,274
Total fee and commission income	**106,501**	**253,936**
Fee and commission expense:		
Brokerage services and other commission expense	(21,160)	(30,215)
Total fee and commission expense	**(21,160)**	**(30,215)**

(in thousands of Kazakhstani tenge)

6. Net interest income

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income on financial assets at fair value through other comprehensive income	262,348	289,691
Interest income on loans under reverse repurchase agreements	80,624	8,285
Interest income on financial assets at amortised cost	67,512	26,044
Interest income on due from banks	24,596	144,611
Total interest income calculated using effective interest method	**435,080**	**468,631**
Interest income on financial assets at fair value through profit or loss	1,644,221	1,039,324
Total interest income on financial assets at fair value through profit or loss	**1,644,221**	**1,039,324**
Interest expense on financial assets at amortised cost:		
Interest expense on short-term loans	(148,090)	(56,115)
Interest expense on loans under repurchase agreements	(22,910)	(111,801)
Total interest expense	**(171,000)**	**(167,916)**

7. Operating expenses

	Year ended 31 December 2022	Year ended 31 December 2021
Staff costs and other payments	182,514	661,073
Rent expenses	68,777	48,672
Information services	37,391	37,426
Telecommunication	31,652	32,512
Vacation expenses	20,043	22,323
IT maintenance	17,100	11,102
Professional services	12,040	8,333
Depreciation and amortization	10,460	7,594
Membership fees	7,950	7,190
Advertising expenses	4,432	90,408
Business trip expenses	1,031	3,183
Other operating expenses	16,230	24,373
Total operating expenses	**409,620**	**954,189**

The decrease in Staff costs and other payments, occurred due to downsizing of the number of employees from 35 to 18 at the end of the year ended 31 December 2022. Additionally, for 2022 Company did not accrue a reserve for the payment of bonuses. In 2021, the reserve for the payment of bonuses amounted to KZT 172,550 thousand.

8. Net loss on foreign exchange operations

	Year ended 31 December 2022	Year ended 31 December 2021
Translation difference, net	(380,929)	(4,617)
Net gain/(loss) on purchase and sale of foreign currency	43,612	(2,560)
Total net loss on foreign exchange operations	**(337,317)**	**(7,177)**

(in thousands of Kazakhstani tenge)

9. 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 which differ from IFRS. For the years ended 31 December 2022 and 2021, the statutory rate of corporate income tax for legal entities was 20% in the Republic of Kazakhstan.

The Company is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

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 2022 and 2021 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Management had performed the analysis and believes that during 2023-2024, the Company will be able to achieve taxable income and dispose of the deferred tax asset formed in 2021. The Company's management expects an increase in the tax base over the next two years as a result of an increase in the profitability of the company, mainly due to an increase in investment income from its own investment portfolio.

Tax effect of temporary deductible differences as at 31 December 2022 and 2021 comprise:

	31 December 2022	31 December 2021
Tax effect of deductible temporary differences:		
Tax losses carried forward	90,618	90,618
Bonus reserve	-	59,500
Unused vacation reserve	296	3,556
Property, equipment and intangible assets	(3,735)	(53)
Provision for impairment losses	3	3
Total temporary differences	**87,182**	**153,624**
Net deferred tax assets	**87,182**	**153,624**

(in thousands of Kazakhstani tenge)

The effective tax rate to the profit reconciliation is as follows for the years ended 31 December 2022 and 2021:

	Year ended 31 December 2022	Year ended 31 December 2021
(Loss)/profit before income tax	(163,488)	2,861,391
Tax at the statutory tax rate of 20%	(32,698)	572,279
Tax effect for non-taxable dividend income	(74,944)	(96,138)
Tax effect for non-taxable interest income arising on government and KASE listed securities	(355,157)	(269,117)
Tax effect for revaluation losses/(gains) on securities officially listed on KASE	(26,114)	(347,037)
Tax effect of non-deductible accounting losses	327,613	-
Tax effect for unrecognized deferred tax assets (tax losses not carried forward) and non-deductible expenses	237,551	24,168
Income tax expense/(benefit)	**76,251**	**(115,845)**
Current income tax	-	-
Corporate withholding income tax	9,809	20,227
Change in deferred tax asset	66,442	(136,072)
Income tax expense/(benefit)	**76,251**	**(115,845)**

10. Cash and cash equivalents

	31 December 2022	31 December 2021
Current accounts with JSC Halyk Bank	44,385	22,605
Current accounts with JSC Bank CenterCredit	806	448,682
Current accounts with other banks	28	-
Reverse repurchase agreements	1,165,558	60,109
	1,210,777	**531,396**
Less: Allowance for expected credit losses	(8)	(18)
Total cash and cash equivalents	**1,210,769**	**531,378**

As at 31 December 2022 and 2021, the fair value of assets pledged and carrying amount of loans under reverse repurchase agreements amounted to:

	31 December 2022	
	Fair value of collateral	Carrying amount of loans
Bonds of the National Bank of the Republic of Kazakhstan	835,522	836,157
Bonds of the Ministry of Finance of the Republic of Kazakhstan	331,476	329,402

	31 December 2021	
	Fair value of collateral	Carrying amount of loans
Bonds of the JSC "Samruk-Kazyna"	59,574	60,109

(in thousands of Kazakhstani tenge)

Equity securities:	31 December 2022	31 December 2021
Equity securities of Kazakhstan corporations	3,248,068	2,629,909
Depositary receipts of Kazakhstan banks	1,024,392	1,514,790
Equity securities of international corporations	-	1,444,891
Equity securities of mutual investment funds	-	650,453
Equity securities of Kazakhstan banks	119,052	171,884
Total equity securities	**4,391,512**	**6,411,927**

As at 31 December 2022 and 2021, ownership interest in shares did not exceed 2% in each issuer separately.

13. Financial assets at fair value through other comprehensive income

	Nominal interest rate	31 December 2022	Nominal interest rate	31 December 2021
Investments in debt securities:				
JSC Central Asian Electric Power Corporation	6.00%	1,868,457	6.00%	1,885,203
Ministry of Finance of the Republic of Kazakhstan	5.30%	64,528	5.30%	63,066
JSC Kazakhstan Mortgage Company	10.50%	45,546	10.50%	48,472
JSC Development Bank of Kazakhstan	11.50%	45,116	10.50%	49,427
JSC Bank CenterCredit	-	-	8.50%	431,690
Total financial assets at fair value through other comprehensive income		**2,023,647**		**2,477,858**

As at 31 December 2022 and 2021, the allowance for expected credit losses on financial assets at fair value through other comprehensive income was KZT 8,094 thousand and KZT 27,382 thousand, respectively. Financial assets at fair value through other comprehensive income were classified to Stage 1 in accordance with impairment classification of financial assets. There was no movement of expected credit losses in financial assets at fair value through other comprehensive income between stages of impairment during the year.

14. Financial assets at amortised cost

	Nominal interest rate	31 December 2022	Nominal interest rate	31 December 2021
Debt securities:				
JSC Home Credit Bank	0.00%	1,714,824	0.00%	1,537,278
Less: Allowance for expected credit losses		(1,589)		(6,775)
Total financial assets at amortised cost		**1,713,235**		**1,530,503**

As at 31 December 2022 and 2021, the allowance for expected credit losses on financial assets at amortised cost was KZT 1,589 thousand and KZT 6,775 thousand, respectively. Financial assets at amortised cost were classified to Stage 1 in accordance with impairment classification of financial assets. There was no movement of expected credit losses in financial assets at amortised cost between stages of impairment during the year. On 18 January 2023, the debt securities of JSC Home Credit Bank were repaid on its maturity.

(In thousands of Kazakhstani tenge)

15. Liabilities under repurchase agreements

As at 31 December 2022, the Company did not have liabilities under repurchase agreement contracts and assets pledged under direct repurchase agreements. As at 31 December 2021, fair value of assets pledged and the carrying amount of liabilities under direct repurchase agreements amounted to:

	31 December 2021	
	Fair value of the collateral	Loan carrying amount
Bonds of JSC Kazakhstan Sustainability Fund	551,383	551,034
Total liabilities under repurchase agreements	551,383	551,034

16. Short-term loans

	31 December 2022	31 December 2021
Short-term loans	-	6,140,196
Accrued interest	-	52,879
Total short-term loans	**-**	**6,193,075**

As at 31 December 2022, the Company did not have outstanding loans received.

In January 2021, the Parent Bank opened a credit line to the Company in the amount of KZT 10,000,000 thousand. During 2021, the Company received loans from the Parent Bank in the amount of KZT 6,488,464 thousand with a term of up to 1 year and an interest rate of 3.25% per annum. The purpose of these loans is to finance the Company's operations. In 2022, the Company repaid all short-terms loans and closed general agreement, however, credit line No. KS01-21-01 dated 26 January 2021 remains open as of the date of issues of financial statement.

The table below presents changes in liabilities due to financing activities, including changes due to cash flows and changes not related to cash flows. Liabilities arising from financing activities are those liabilities for which cash flows in the statement of cash flows have been or will be classified as cash flows from financing activities.

	31 December 2021	Additions	Repayment	Accrued interest	Foreign exchange differences	31 December 2022
Short-term loans	6,193,075	-	(6,631,581)	(52,879)	491,385	-

	31 December 2020	Additions	Repayment	Accrued interest	Foreign exchange differences	31 December 2021
Short-term loans	-	6,488,464	(438,373)	56,115	86,869	6,193,075

(in thousands of Kazakhstani tenge)

17. Reserves and other liabilities

	31 December 2022	31 December 2021
Other financial liabilities:		
Short-term payables to service providers	12,412	42,827
Payables on professional services	495	330
Total other financial liabilities	**12,907**	**43,157**
Other non-financial liabilities:		
Taxes, other than income tax	3,294	13,834
Accrued reserves for unused vacations	1,482	17,780
Bonus reserves	-	297,500
Other	-	188
Total other non-financial liabilities	**4,776**	**329,302**
Total reserves and other liabilities	**17,683**	**372,459**

18. Share capital and additional paid in capital

Share capital

As at 31 December 2022 and 2021, authorized, issued and fully paid share capital comprised 1,475,180 ordinary shares with total par value KZT 1,475,180 thousand.

All ordinary shares are ranked equally and owned by JSC Halyk Bank.

Capital management

The ARDFM, establishes and monitors the fulfillment of the requirements for the Company's capital level. In accordance with the requirements of the ARDFM, broker-dealer and investment portfolio management companies must maintain the ratio of liquid assets minus liabilities above a certain established minimum level.

As at 31 December 2022 and 2021, the Company was in compliance with prudential norms, respectively.

Additional paid in capital

The additional paid in capital was recognised as a result of transactions on legal merger of the Company with an another entity under common control, back in 2015 year, where the difference between transferred net assets and consideration paid has been recorded as additional paid in capital of the Company in the amount of KZT 3,843,913 thousand.

(in thousands of Kazakhstani tenge)

19. Transactions with related parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related parties balances or transactions with related parties are disclosed in accordance with IAS 24 Related party disclosures as follows:

	Related parties balances			
	the Parent company	with other related parties	Total as at 31 December 2022	Total category as per financial statements caption
Assets:				
Cash and cash equivalents	44,384	-	44,384	1,210,769
Financial assets at fair value through profit or loss	1,143,444	-	1,143,444	15,216,053
Accounts receivable	-	42	42	44,708
Liabilities:				
Reserves and other liabilities	-	1,538	1,538	17,683

	Related parties balances			
	the Parent company	with other related parties	Total as at 31 December 2021	Total category as per financial statements caption
Assets:				
Cash and cash equivalents	22,604	-	22,604	531,378
Financial assets at fair value through profit or loss	1,697,501	-	1,697,501	22,279,099
Accounts receivable	-	34	34	95,415
Liabilities:				
Short-term loans	6,193,075	-	6,193,075	6,193,075
Reserves and other liabilities	-	2,434	2,434	372,459

Included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2022 and 2021 are the following amounts which were recognised in transactions with related parties:

	Related parties transactions				
Year ended 31 December 2022	the Parent company	with other related parties	Compensation of key management personnel	Total	Total category as per financial statements caption
Fee and commission income	10,000	40	-	10,040	106,501
Fee and commission expense	(776)	-	-	(776)	(21,160)
Interest income calculated using effective interest method	36	-	-	36	1,644,221
Interest expense	(148,090)	-	-	(148,090)	(171,000)
Net loss on financial assets at fair value through profit or loss	(456,032)	-	-	(456,032)	(1,802,948)
Dividend income	108,807	-	-	108,807	(477)
Operating expenses	(915)	(26,927)	(87,961)	(115,803)	374,722

(in thousands of Kazakhstani tenge)

	Related parties transactions				
Year ended 31 December 2021	**the Parent company**	**with other related parties**	**Compensation of key management personnel**	**Total**	**Total category as per financial statements caption**
Fee and commission income	-	704	-	704	253,936
Fee and commission expense	(12,657)	-	-	(12,657)	(30,215)
Interest income calculated using effective interest method	3,189	-	-	3,189	1,507,955
Interest expense	(56,115)	-	-	(56,115)	(167,916)
Net gain on financial assets at fair value through profit or loss	863,026	-	-	863,026	1,681,606
Dividend income	175,948	-	-	175,948	480,687
Operating expenses	(426)	(26,529)	(88,972)	(115,927)	(954,189)

Key management personnel compensation consists of short-term employees benefits.

20. Deferred commitments and financial contingencies

Capital commitments

As at 31 December 2022 and 2021, the Company had no material commitments for capital expenditure.

Fiduciary activities

The Company renders brokerage services and services of nominal holding to its customers in accordance with a valid license of the National Bank of Kazakhstan. In providing services, the Company concludes a standard Agreement of cohesion with its clients stipulating for the right of taking investment decisions by the customers, and limiting the right of the Company to manage assets in the absence of directions/orders from the customers. As at 31 December 2022 and 2021, assets under brokerage and nominal holding services amounted to KZT 1,120,835,228 thousand and KZT 69,893,502 thousand, respectively.

As part of its fiduciary activity, the Company renders to its customers trust asset management services. On concluding trust asset management agreements, the Company assumes the obligations to take investment decisions and manage entrusted investment assets in strict compliance with the Investment declaration, being an integral part of the Agreement and signed with each customer individually. Company bears operational risks related to fiduciary activity, however credit and market risks are born by the customer of the Company. Assets and securities that are held for fiduciary capacity are not included in these financial statements.

As at 31 December 2022 and 2021, such assets amounted to KZT 2,631,206 thousand and 2,444,203 thousand, respectively.

On 15 March 2021, as part of the investment management services for the Company's assets, pension assets were transferred under trust management.

As at 31 December 2022 and 2021, pension assets held in trust amounted to KZT 2,631,206 thousand and KZT 2,060,837 thousand, respectively.

In accordance with the decision of the Board of Directors of the Company dated 12 August 2022, the management company of the interval unit investment trust "Halyk Global" was replaced from JSC Halyk Global Markets (subsidiary of Halyk Bank of Kazakhstan JSC) to JSC Subsidiary organization of Halyk Bank of Kazakhstan Halyk Finance. On 15 September 2022, the change of the management company was approved by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. On 20 October 2022, the transfer of interval unit investment fund to JSC Subsidiary organization of Halyk Bank of Kazakhstan Halyk Finance was finalised. The assets and liabilities transferred amounted to KZT 330,339 thousand and KZT 136 thousand, respectively.

As at 31 December 2021, assets of the Interval unit investment fund "Halyk Global" comprised KZT 383,366 thousand and liabilities comprised KZT 602 thousand.

Legal proceedings

From time to time and in the normal course of business, claims against the Company are received from customers. Management is of the opinion that in case of appearance of any claims, no material losses will be incurred and accordingly no provision has been made in these financial statements. During 2022 and 2021, there were no any claims made against the Company.

Taxation

Due to the presence in Kazakhstan's commercial and, in particular, in tax legislation, provisions that may have more than one interpretation, as well as in connection with the practice of tax authorities to make arbitrary judgment on the activities of the taxpayer, if any specific actions based on the interpretation of legislation in relation to the Company's activities on the part of management will be challenged by the tax authorities, this may lead to the accrual of additional taxes, fines and penalties. The Company believes that it has already made all tax accruals, and therefore no reserves has been accrued in the financial statements. Tax years remain open to review by the tax authorities for five years.

Operating environment

The markets of developing countries, including Kazakhstan, are subject to economic, political, social, judicial and legislative risks that differ from those of more developed markets. Laws and regulations governing doing business in Kazakhstan can change rapidly, and there is a possibility of their arbitrary interpretation. The future direction of Kazakhstan's development largely depends on the tax and monetary policy of the state, the laws and regulations adopted, as well as changes in the political situation in the country.

Due to the fact that Kazakhstan produces and exports large volumes of oil and gas, the economy of Kazakhstan is particularly sensitive to changes in world oil and gas prices. Also, government spending on major infrastructure projects and various programs of socio-economic development of the country have a significant impact on the state of the economy.

The average price of Brent crude oil for 2022 was about 99.8 US dollars.

The Company's management monitors the current changes in the economic and political situation, including any sanctions risks, and takes measures that it considers necessary to maintain the sustainability and development of the Company's business in the near future. However, the consequences of past events and related future changes may have a significant impact on the Company's operations.

(in thousands of Kazakhstani tenge)

21. Fair value of financial instruments

IFRS defines fair value as 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.

Fair value of the Company's financial assets and financial liabilities measured at fair value on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

	Fair value as at			
	31 December 2022	31 December 2021	Fair value hierarchy	Valuation techniques and key inputs
Non-derivative financial assets at fair value through profit or loss (see Note 12)	6,710,664	10,424,527	Level 1	Quoted prices in active market
Non-derivative financial assets at fair value through profit or loss (see Note 12)	8,504,989	11,854,172	Level 2	Valuation using parameters of similar financial assets
Non-derivative financial assets at fair value through profit or loss (see Note 12)	400	400	Level 3	Discounted cash flows
Non-derivative financial assets at fair value through other comprehensive income (see Note 13)	2,023,647	2,477,858	Level 2	Valuation using parameters of similar financial assets
Financial assets at amortised cost (see Note 14)	1,714,824	1,534,665	Level 2	Valuation using parameters of similar financial assets

During 2022 and 2021, no financial instruments were reclassified between Level 1 and 2.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Management of the Company considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values due to their short-term nature.

22. 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:

- Credit risk
- Liquidity risk
- Market risk

To enable efficient and effective risk management processes, the Company has established a risk management framework, whose main purpose is to protect the Company from risk and allow it to achieve its performance objectives. Through the risk management framework, the Company manages the following risks:

Credit risk

The Company is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

For financial assets the maximum exposure equals to a carrying value of those assets excluding any offset against assets and liabilities and collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Company would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on. The maximum exposure for financial assets after offset and collateral pledged equals to net exposure.

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.

(In thousands of Kazakhstani tenge)

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

	BBB+	BBB	<BBB	Not rated	31 December 2022 Total
Cash and cash equivalents	-	1,165,550	45,214	5	1,210,769
Financial assets at fair value through profit or loss	476,439	6,355,332	8,349,264	35,018	15,216,053
Financial assets at fair value through other comprehensive income	-	110,074	45,116	1,868,457	2,023,647
Financial assets at amortized cost	-	-	1,713,235	-	1,713,235
Accounts receivable	-	29,908	7,103	7,697	44,708

	From AAA to A-	BBB	<BBB	Not rated	31 December 2021 Total
Cash and cash equivalents	-	-	531,378	-	531,378
Due from banks	-	-	684,955	-	684,955
Financial assets at fair value through profit or loss	380,247	11,094,099	10,404,113	400,640	22,279,099
Financial assets at fair value through other comprehensive income	-	48,472	2,429,386	-	2,477,858
Financial assets at amortized cost	-	-	1,530,503	-	1,530,503
Accounts receivable	-	-	93,618	1,797	95,415

Geographical concentration

As at 31 December 2022, all financial assets were related to Kazakhstan counterparties.
As at 31 December 2021, all financial assets were related to Kazakhstan counterparties, except for certain financial assets at fair value through profit or loss in the amount of KZT 2,503,901 thousand invested in USA and Mexico securities.

(in thousands of Kazakhstani tenge)

Liquidity risk

An analysis of the liquidity and interest rate risks is presented in the following table:

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2022 Total
Financial assets:								
Cash and cash equivalents, net of expected credit losses	16.55%	1,165,550	-	-	-	-	-	1,165,550
Financial assets at fair value through profit or loss	6.04%	48,896	263,536	715,584	7,465,235	2,331,290	-	10,824,541
Financial assets at fair value through other comprehensive income	12.24%	-	-	1,603,371	420,276	-	-	2,023,647
Total interest-bearing assets:		**1,214,446**	**263,536**	**2,318,955**	**7,885,511**	**2,331,290**	**-**	**14,013,738**
Cash and cash equivalents		45,219	-	-	-	-	-	45,219
Financial assets at fair value through profit or loss		4,391,512	-	-	-	-	-	4,391,512
Financial assets at amortised cost		1,713,235	-	-	-	-	-	1,713,235
Accounts receivable		44,708	-	-	-	-	-	44,708
Total financial assets		**7,409,120**	**263,536**	**2,318,955**	**7,885,511**	**2,331,290**	**-**	**20,208,412**
Other financial liabilities		6,392	6,352	-	-	-	-	12,744
Total financial liabilities		**6,392**	**6,392**	**-**	**-**	**-**	**-**	**12,744**
Difference between total financial assets and total financial liabilities		7,402,728	257,144	2,318,955	7,885,511	2,331,290	-	20,195,668
Difference between total assets and total liabilities accrued		**7,402,728**	**7,659,872**	**9,978,827**	**17,864,338**	**20,195,628**		

(in thousands of Kazakhstani tenge)

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2021 Total
Financial assets:								
Cash and cash equivalents, net of expected credit losses	10.25%	60,108	-	-	-	-	-	60,108
Due from banks	11.50%	6,642	-	678,313	-	-	-	684,955
Financial assets at fair value through profit or loss	11.25%	73,770	321,147	3,845,533	8,258,896	3,367,826	-	15,867,172
Financial assets at fair value through other comprehensive income	12.74%	-	431,690	19,450	1,978,464	48,254	-	2,477,858
Total interest-bearing assets:		**140,520**	**752,837**	**4,543,296**	**10,237,360**	**3,416,080**	**-**	**19,090,093**
Cash and cash equivalents		471,270	-	-	-	-	-	471,270
Financial assets at fair value through profit or loss		6,411,527	-	-	-	-	400	6,411,927
Financial assets at amortised cost		-	-	-	1,530,503	-	-	1,530,503
Accounts receivable		95,415	-	-	-	-	-	95,415
Total financial assets		**7,118,732**	**752,837**	**4,543,296**	**11,767,863**	**3,416,080**	**400**	**27,599,208**
Financial liabilities:								
Liabilities under repurchase agreements	10%	551,034	-	-	-	-	-	551,034
Short-term loans	3.25%	-	31,809	6,161,266	-	-	-	6,193,075
Total interest-bearing liabilities		**551,034**	**31,809**	**6,161,266**	**-**	**-**	**-**	**6,744,109**
Other financial liabilities		38,661	4,496	-	-	-	-	43,157
Total financial liabilities		**589,695**	**36,305**	**6,161,266**	**-**	**-**	**-**	**6,787,266**
Difference between total financial assets and total financial liabilities		6,529,037	716,532	(1,617,970)	11,767,863	3,416,080	400	20,811,942
Difference between total assets and total liabilities accrued		**6,529,037**	**7,245,569**	**5,627,599**	**17,395,462**	**20,811,542**	**20,811,942**	

(in thousands of Kazakhstani tenge)

In the "Liquidity risk" section, in assets, equity financial instruments were transferred to the "up to 1 month" basket, based on the fact that the portfolio of equity financial instruments consists of highly liquid financial instruments: shares of international companies and shares of the "Premium" category of the main market of JSC Kazakhstan Stock Exchange.

Market risk

Market risk is that the risk that the Company's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices. Market risk covers interest rate risk, currency risk.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments due to changes in market interest rates.

The Company manages interest rate risk through the management of interest-sensitive asset and liability positions, and ensures the positive margin and expected profitability from changes in market interest rates with set limits on the maximum amount of interest rate risk accepted by the Company. The Company's risk management department monitors interest rate risk, estimates sensitivity of the Company in relation to changes in interest rates and the influence of changes in interest rates on the net profit of the Company.

As at 31 December 2022 and 2021, there were no floating rate instruments in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Interest rate risk sensitivity

	31 December 2022		31 December 2021	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Financial assets at fair value through profit or loss	(847,462)	1,048,712	(976,309)	1,201,656

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 prevailing foreign currency exchange rates on its financial position and cash flows.

(In thousands of Kazakhstani tenge)

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

	KZT	USD USD 1= KZT 462.65	31 December 2022 Total
Financial assets:			
Cash and cash equivalents	1,097,757	113,012	1,210,769
Financial assets at fair value through profit or loss	14,191,660	1,024,393	15,216,053
Financial assets at fair value through other comprehensive income	2,023,647	-	2,023,647
Financial assets from amortised cost	1,713,235	-	1,713,235
Accounts receivable	44,708	-	44,708
Total financial assets	**19,071,007**	**1,137,405**	**20,208,412**
Financial liabilities:			
Other financial liabilities	12,412	-	12,412
Total financial liabilities	**12,412**	**-**	**12,412**
OPEN BALANCE SHEET POSITION	**19,058,595**	**1,137,405**	**20,196,000**

	KZT	USD USD 1= KZT 431.80	31 December 2021 Total
Financial assets:			
Cash and cash equivalents	82,833	448,545	531,378
Due from banks	684,955	-	684,955
Financial assets at fair value through profit or loss	18,260,408	4,018,691	22,279,099
Financial assets at fair value through other comprehensive income	2,477,858	-	2,477,858
Financial assets from amortised cost	1,530,503	-	1,530,503
Accounts receivable	95,415	-	95,415
Total financial assets	**23,131,972**	**4,467,236**	**27,599,208**
Financial liabilities:			
Liabilities under repurchase agreements	551,034	-	551,034
Short-term loans	-	6,193,075	6,193,075
Other financial liabilities	43,157	-	43,157
Total financial liabilities	**594,191**	**6,193,075**	**6,787,266**
OPEN BALANCE SHEET POSITION	**22,537,781**	**(1,725,839)**	**20,811,942**

Currency risk sensitivity

The table below provides an analysis of the Company's sensitivity to 20% appreciation and depreciation of the tenge against the US dollar as at 31 December 2022 and 2021, respectively.

The sensitivity level is used internally by the Company when reporting on foreign exchange risk for key management personnel of the Company and represents the management's assessment of the possible change in foreign exchange rates.

(in thousands of Kazakhstani tenge)

Impact on net profit based on asset values as at 31 December 2022 and 2021:

	As at 31 December 2022		As at 31 December 2021	
	KZT/USD +20%	KZT/USD -20%	KZT/USD +20%	KZT/USD -20%
Impact on profit or loss	227,481	(227,481)	(345,168)	345,168

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company is exposed to price risks due to availability of equity financial instruments in the portfolio.

The Company manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and sets adequate limits on the amount of acceptable losses, as well as requirements for the rate of return and collateral.

The table below represents the sensitivity analysis of the Company's profit before tax due to changes in the prices of equity securities at fair value through profit or loss at 1% price change for the years ended 31 December 2022 and 2021:

	31 December 2022		31 December 2021	
	1% increase in equity securities price	1% decrease in equity securities price	1% increase in equity securities price	1% decrease in equity securities price
Impact on profit or loss before tax	43,915	(43,915)	64,119	(64,119)

As at 31 December 2022 and 2021, within financial assets at fair value through other comprehensive income, there were no equity instruments.

23. Events after the reporting period

At the date of signing of these financial statements, there were no significant events that Management would have identified as requiring additional disclosure.