“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Separate financial statements

For the year ended 31 December 2021,
with independent auditor’s report

CONTENTS

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Independent Auditor's Report

To the Shareholder and Management of "Sovereign Wealth Fund "Samruk-Kazyna" JSC

Opinion

We have audited the separate financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter - the "Fund"), which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Fund as at 31 December 2021 and its separate financial performance and its separate 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 separate financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of investments in subsidiaries and joint ventures	
We considered this matter to be one of the key audit matters due to materiality of the balances of investments in subsidiaries and joint ventures to the separate financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements made by the management. In addition, increased cost of debt and uncertainty regarding future economic growth affects the subsidiaries' and joint ventures' business prospects and therefore triggers potential impairment of the Fund's investments. Significant assumptions included discount rates, tariff forecasts, long-term growth rates, inflation, currencies exchange rate forecasts. Significant estimates included production forecasts, future capital expenditures and project deadlines. Information on investments in subsidiaries and joint ventures and the impairment tests performed is disclosed in *Note 4* to the separate financial statements.	We obtained management's impairment analysis, including analysis of impairment indicators and impairment test models. We involved our valuation specialists in the testing of impairment analysis and calculation of recoverable amounts performed by the management. We analysed the assumptions underlying management forecast. We compared the discount rates and long-term growth rates to general market indicators and other available information. We tested the mathematical accuracy of the impairment models and assessed their sensitivity to changes in assumptions. We analysed disclosures made in the separate financial statements in respect of impairment.
Compliance with loan covenants	
In accordance with the terms of certain financing arrangements, the Fund should comply with certain covenants. Breaching covenants could result in significant fines and penalties along with funding shortages. In addition, cross default provisions are in place under many of the Fund's financing arrangements. Compliance with covenants was one of the matters of most significance in the audit since it can have a major impact on the going concern assumption used in the preparation of the separate financial statements, and on classification of interest-bearing liabilities in the separate statement of financial position. Information on compliance with covenants is disclosed in *Note 14* to the separate financial statements.	We examined the terms of financing arrangements on covenants including additional clauses on cross default conditions. We compared data used in the calculations with the financial statements. We assessed arithmetic accuracy of financial covenants calculations. We analysed the forecast made on approved budgets as of 31 December 2021, if a breach is likely in the next 12 months, we obtained and analysed management's analysis for the potential impact on going concern. We also analysed the information disclosed in the separate financial statements.

Other information included in the Fund's 2021 Annual Report

Other information consists of the information included in the Fund's 2021 Annual Report other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Fund's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of management and the Audit Committee for the separate financial statements

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

In preparing the separate financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP

Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ-00004172 dated 23 December 2013

Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

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22 April 2022

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

In millions of tenge	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment		**10,434**	10,405
Investment property		**4,580**	6,314
Intangible assets		**830**	850
Investments in subsidiaries	5	**4,441,741**	4,342,227
Investments in joint ventures	6	**1,545,552**	1,545,552
Loans issued and finance lease receivables	7	**595,015**	566,913
Amounts due from credit institutions	8	**384,909**	399,221
Other non-current financial assets	9	**2,780**	1,373
Other non-current assets	10	**25,015**	32,481
		7,010,856	6,905,336
Current assets			
Income tax prepaid		**1,930**	1,883
Loans issued and finance lease receivables	7	**146,406**	167,608
Amounts due from credit institutions	8	**23,743**	36,473
Other current assets	11	**60,143**	14,538
Cash and cash equivalents	12	**392,967**	344,292
		625,189	564,794
Assets for distribution to Shareholder		**–**	161
Total assets		**7,636,045**	7,470,291
Equity and liabilities			
Equity			
Share capital	13	**5,268,580**	5,258,657
Revaluation reserve of investments at fair value through other comprehensive income		**(1,472)**	(1,472)
Retained earnings		**581,545**	519,489
Total equity		**5,848,653**	5,776,674
Non-current liabilities			
Borrowings	14	**618,664**	847,877
Loans from the Government of the Republic of Kazakhstan	15	**569,105**	562,448
Financial guarantee liabilities	17	**48,393**	38,184
		1,236,162	1,448,509
Current liabilities			
Borrowings	14	**480,350**	151,789
Loans from the Government of the Republic of Kazakhstan	15	**10,264**	30,773
Financial guarantee liabilities	17	**5,195**	5,243
Other current liabilities	16	**55,421**	57,303
		551,230	245,108
Total liabilities		**1,787,392**	1,693,617
Total equity and liabilities		**7,636,045**	7,470,291

Managing Director for Economy and Finance – member of the Management Board _________ *Nazira Nurbayeva*

Chief accountant _________ *Almaz Abdrakhmanova*

The accounting policies and notes on pages 6 to 44 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

In millions of tenge	Notes	2021	2020
Interest income	18	**84,039**	81,038
Interest expense	19	**(63,725)**	(120,409)
Dividend income	20	**254,888**	221,777
Gross profit		**275,202**	182,406
General and administrative expenses	21	**(24,419)**	(24,540)
Finance income	22	**28,152**	36,538
Finance expenses	23	**(49,520)**	(37,854)
Gain on disposal of share in subsidiary	5	**–**	75,299
Loss on impairment of investments in subsidiary	5	**(12,200)**	–
Expected credit losses		**(270)**	(172)
Foreign exchange income, net		**36**	17,070
Other income/(loss), net		**2,289**	(951)
Profit before income tax		**219,270**	247,796
Income tax expense	24	**(2,941)**	(3,724)
Net profit for the year		**216,329**	244,072
Other comprehensive income		**–**	–
Total comprehensive income for the year, net of tax		**216,329**	244,072

Managing Director for Economy and Finance – member of the Management Board

Nazira Nurbayeva

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 44 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In millions of tenge	Notes	2021	2020
Cash flows from operating activities			
Dividend received	20	**253,502**	221,777
Proceeds from borrowings	14	**43,151**	54,951
Repayment of loans issued		**26,620**	34,258
Redemption of amounts due from credit institutions, net		**40,029**	7,024
Redemption of loans received from the Government	15	**(33,896)**	(943)
Loans given to subsidiaries	7	**(3,706)**	(5,239)
Payments to suppliers		**(8,009)**	(8,460)
Payroll payments		**(3,646)**	(3,045)
Sponsorship	21	**(7,137)**	(7,398)
Withholding tax	24	**(2,941)**	(3,724)
Other taxes and payments		**(3,794)**	(3,442)
Interest received		**64,148**	60,621
Interest paid	14, 15	**(52,281)**	(57,609)
Other cash receipts		**4,079**	4,584
Net cash flows received from operating activities		**316,119**	293,355
Cash flows from investing activities			
Withdrawal/(placement) of bank deposits, net		**86**	68,131
Contributions to subsidiaries	5	**(86,801)**	(56,800)
Proceeds from the sale of property, plant and equipment		**14**	–
Proceeds from the sale of other long-term assets		**1,627**	–
Proceeds from redemption of bonds issued by subsidiaries	7	**12,685**	36,846
Proceeds from redemption of notes of National Bank of Republic of Kazakhstan		**274,237**	–
Purchase of property, plant and equipment		**(410)**	(352)
Purchase of intangible assets		**(156)**	(255)
Purchase of bonds issued by second-tier banks		**–**	(168,000)
Purchase of debt instruments, issued by subsidiaries	5	**(26,230)**	(28,404)
Loans given to subsidiaries		**–**	(8,000)
Purchase of notes of National Bank of Republic of Kazakhstan		**(326,184)**	–
Proceeds from decrease in share capital of subsidiaries	5	**8,564**	–
Net cash flows used in investing activities		**(142,568)**	(156,834)

The accounting policies and notes on pages 6 to 44 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS (continued)

In millions of tenge	Notes	2021	2020
Cash flows from financing activities			
Contributions to the share capital	13	**9,923**	26,000
Distributions to the Shareholder	16	**(67,097)**	(50,844)
Dividends paid to the Shareholder	13	**(88,337)**	(120,000)
Proceeds from borrowings	14	**116,282**	92,084
Repayment of borrowings	14	**(312,303)**	(1,446)
Proceeds on disposal of partial interest in a subsidiary without loss of control	5	**–**	83,944
Proceeds from bonds issued	14	**211,271**	258,400
Repayments on bonds issued	14	**–**	(333,394)
Repayment of Government loans	15	**(558)**	(88,804)
Other cash receipts		**62**	44
Net cash flows used in financing activities		**(130,757)**	(134,016)
Net increase in cash and cash equivalents		**42,794**	2,505
Effect of changes in exchange rates on cash and cash equivalents		**6,021**	28,878
Change in allowance for expected credit losses		**(140)**	73
Cash and cash equivalents, at the beginning of the year		**344,292**	312,836
Cash and cash equivalents, at the end of the year		**392,967**	344,292

Managing Director for Economy and Finance –
member of the Management Board

Nazira Nurbayeva

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 44 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

In millions of tenge	Notes	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Retained earnings	Total
Balance as at 31 December 2019		5,229,112	(1,472)	501,281	5,728,921
Net profit for the year		–	–	244,072	244,072
Total comprehensive income for the year		–	–	244,072	244,072
Issue of shares	13	29,545	–	–	29,545
Discount on loans from the Government	13	–	–	(37,581)	(37,581)
Other transactions with the Shareholder	13	–	–	23,797	23,797
Dividends	13	–	–	(120,000)	(120,000)
Other distributions to the Shareholder	13	–	–	(92,080)	(92,080)
Balance as at 31 December 2020		5,258,657	(1,472)	519,489	5,776,674
Net profit for the year		**–**	**–**	**216,329**	**216,329**
Total comprehensive income for the year		**–**	**–**	**216,329**	**216,329**
Issue of shares	13	**9,923**	**–**	**–**	**9,923**
Discount on loans from the Government	13	**–**	**–**	**(278)**	**(278)**
Dividends	13	**–**	**–**	**(88,337)**	**(88,337)**
Other distributions to the Shareholder	13	**–**	**–**	**(65,497)**	**(65,497)**
Assets for distribution to Shareholder	13	**–**	**–**	**(161)**	**(161)**
Balance as at 31 December 2021		**5,268,580**	**(1,472)**	**581,545**	**5,848,653**

Managing Director for Economy and Finance –
member of the Management Board

Nazira Nurbayeva

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 44 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

"Sovereign Wealth Fund "Samruk-Kazyna" Joint Stock Company (the "Fund" or "Samruk-Kazyna") was established on 3 November 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated 13 October 2008 and the Resolution of the Government of the Republic of Kazakhstan dated 17 October 2008. The Fund was created by the merger of "Sustainable Development Fund "Kazyna" JSC ("Kazyna") and "Kazakhstan Holding Company for State Assets Management "Samruk" JSC ("Samruk") and the additional transfer to the Fund of ownership in certain entities owned by the Government of the Republic of Kazakhstan (the "Government" or the "State"). The founder of the Fund is the Government, represented by State property and privatization committee of the Ministry of finance of the Republic of Kazakhstan. The Government is the sole shareholder of the Fund (the "Shareholder").

The main objective of the Government during the merger of "Kazyna" and "Samruk" was to increase management's efficiency and to optimize organizational structure of the Fund's subsidiaries for them to successfully achieve strategic objectives set out in the respective Government programs and development plans.

According to the Law of the Republic of Kazakhstan enacted on 1 February 2012 *On Sovereign Wealth Fund*, the Fund's activities are focused on improving the sovereign wealth of the Republic of Kazakhstan by increasing long-term value of the Fund's group companies and by effective management of the Fund's group assets.

The Fund is a holding company that owns a number of entities listed in *Notes 5* and *6*.

The administrative address of the Fund: 17/10 Syganak str., Nur-Sultan, the Republic of Kazakhstan.

These separate financial statements were authorized for issue by the Managing Director for Economy and Finance and Chief accountant of the Fund on 22 April 2022.

These separate financial statements were issued in addition to the consolidated financial statements of the Fund. The consolidated financial statements were authorized for issue by the Managing Director for Economy and Finance and Chief accountant of the Fund on 22 April 2022.

2. BASIS OF PREPARATION

These separate financial statements have been prepared on a historical cost basis, except as described in the accounting policies and notes to these separate financial statements. The Fund maintains its accounting records in Kazakhstani tenge ("tenge"), All amounts in these separate financial statements are rounded to the nearest million tenge, except when otherwise indicated.

Statement of compliance

These separate financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standard Board ("IASB").

The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The preparation of financial statements also requires management to exercise its judgment in applying the accounting policies of the Fund. The areas involving a higher degree of judgment or complexity, as well as areas where assumptions and estimates are significant to the separate financial statements are disclosed in *Note 4*.

Foreign currency translation

Functional and presentation currency

These separate financial statements are presented in tenge, which is functional and presentation currency of the Fund's separate financial statements.

Transactions and balances

Transactions in foreign currency are initially recorded at the functional currency rate effective at the date of transaction. Monetary assets and liabilities denominated in the foreign currency are translated to the functional currency using exchange rate effective at the separate statement of financial position date. All translation differences are taken to the separate statement of comprehensive income. Non-monetary items measured on a historical cost basis in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

2. BASIS PREPARATION (continued)

Foreign currency translation (continued)

Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in Kazakhstan.

As at 31 December 2021 the currency exchange rate of KASE was 431.8 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as at 31 December 2021 (as at 31 December 2020: 420.91 tenge to 1 US dollar). The currency exchange rate of KASE as at 22 April 2022 was 443.99 tenge to 1 US dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments to current standards and clarifications

The Fund applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021, but which do not have any impact on the separate financial statements of the Fund:

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases

The amendments provide temporary exemptions that apply to address financial reporting implications in cases where the interbank offer rate (IBOR) is replaced by an alternative virtually risk-free interest rate. The amendments provide the following:

- A practical expedient according to which changes in contract or changes in cash flows directly required by the reform should be treated as changes in the floating interest rate equivalent to a change in the market interest rate;
- Allows for changes required by the IBOR reform to the definition of the hedging relationship and the hedging documentation without terminating the hedging relationship;
- Entities are granted a temporary exemption from the requirement for separately identifiable components when an instrument with a risk-free rate is designated at the entity's discretion as a risk component in a hedging relationship.

Amendments to IFRS 16 Leases in regards of COVID-19-related rent concessions

The amendments provide relief to lessees from assessment whether a COVID-19-related rent concession is a lease modification. The amendments did not have a material impact on the separate financial statements, as the Fund has not received significant rent concessions related to pandemic.

Standards that have been issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

These amendments and interpretations did not have an impact on the separate financial statements of the Fund:

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Presentation of Financial Statements named Classification of Liabilities as Current or Non-current*;
- Amendments to IFRS 3 *Business Combinations named Reference to the Conceptual Framework*;
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*;
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts − Costs of Fulfilling a Contract*;
- Amendments to IAS 12 *Income Taxes named Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards − Subsidiary as a first-time adopter*;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards that have been issued but not yet effective (continued)

- Amendments to IFRS 9 *Financial Instruments − Fees in the '10 per cent' test for derecognition of financial liabilities*;
- Amendments to IFRS 16 *Leases named Lease incentives*;
- Amendments to IAS 41 *Agriculture named Taxation in Fair Value Measurements*;
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2 Making Materiality Judgements*;
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments to IAS 1 and IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Fund intends to apply the practical expedients in future periods, if necessary.

Investments in subsidiaries, joint ventures and associates

The Fund's investments in its subsidiaries, joint ventures and associates are carried at cost less impairment.

Subsidiaries are the entities controlled by the Fund. Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Fund has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

When the Fund has less than a majority of the voting or similar rights of an investee, the Fund considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Company's voting rights and potential voting rights.

The Fund re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An associate is an entity over which the Fund has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but which does not comprise control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL).

The classification of financial assets on initial recognition depends on the characteristics, contractual cash flows of the financial asset and the business model used by the Fund to manage these assets. Except for trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, are measured at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets whose cash flows do not meet the "cash flow" criterion are classified as valued at FVPL, regardless of the business model.

The business model used by the Fund to manage its financial assets describes the way in which the Fund manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will result from the receipt of contractual cash flows, the sale of financial assets or both.

All purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, which is the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

Financial assets are classified into three categories for subsequent measurement:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets at fair value through profit or loss.

Financial assets measured at amortised cost (debt instruments)

A Fund measures financial assets at amortised cost if both of the following criteria are met:

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

Financial assets measured at amortised cost are subsequently measured using the effective interest method and impairment requirements apply. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund includes trade and other receivables, loans to related parties and bank deposits in the category of financial assets measured at amortised cost.

Financial assets measured at fair value through other comprehensive income

The Fund measures financial assets at fair value through other comprehensive income when two criteria are met:

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

Financial assets measured at fair value through other comprehensive income include mainly debt securities of third and related parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

The category of financial assets measured at FVPL includes certain loans issued by the Fund to related parties and containing derivative financial instruments and coupon bonds included in other financial assets, which are mandatorily measured at fair value. Financial assets whose cash flows are not solely payments of principal and interest are classified and measured at FVPL irrespective of the business model used. Notwithstanding the criteria for classification at amortised cost or at FVOCI as described above, debt instruments may be classified as at FVPL upon initial recognition if such classification eliminates or significantly reduces an accounting mismatch.

Financial assets measured at FVPL are recognised in the separate statement of financial position at fair value, with net changes in fair value recognised in the separate statement of comprehensive income.

Derecognition

A financial asset is derecognised (removed from the separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset; or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Fund has transferred its rights to receive cash flows from the asset or has entered into a pass-through arrangement, it evaluates whether it has retained the risks and rewards of ownership and, if so, to what extent. If the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund retains.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Impairment of financial assets

The Fund recognises an allowance for expected credit losses (ECL) for all debt financial assets not measured at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Fund applies a simplified approach in calculating the CGU. Consequently, the Fund does not monitor changes in credit risk but instead recognises an allowance for losses at each reporting date in an amount equal to the expected credit losses over the entire term. The Fund has used a valuation allowance matrix, based on its past experience of credit losses, adjusted for projected borrower-specific factors and general economic conditions.

The Fund considers a financial asset to be in default when contractual payments are past due by 90 days. However, in certain cases the Fund may also conclude that a financial asset is in default if internal or external information indicates that it is unlikely that the Fund will receive, without regard to the credit enhancement mechanisms retained by the Fund, the full amount of the remaining contractual payments. A financial asset is derecognised if the Fund has no reasonable expectation of recovering the contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Value added tax ("VAT")

Tax authorities permit the settlement of sales and purchases VAT on a net basis. VAT receivable represents VAT on domestic purchases net of VAT on domestic sales. Export sales are zero rated.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, short-term and highly liquid investments with original maturity of not more than 3 (three) months readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Fund's financial liabilities include trade and other payables, borrowings, loans from the Government of the Republic of Kazakhstan, financial guarantee contracts and other liabilities.

Financial liabilities

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Borrowings and loans from the Government of the Republic of Kazakhstan

After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses on such financial liabilities are recognized in the separate statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account discounts or premiums on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in interest expenses in the separate statement of comprehensive income.

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or other financial assets, or to satisfy the obligation other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of own equity instruments. Such instruments include amounts due to the Government and loan due to credit institutions, which are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently, amounts received are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the separate statement of comprehensive income over the period of the borrowings using the effective interest method. If the Fund purchases its own debt, it is then removed from the separate statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognized in interest income.

Debt securities issued

Debt securities issued represent bonds issued by the Fund. They are accounted for according to the same principles used for borrowings and loans from the Government of the Republic of Kazakhstan.

Financial guarantee contracts

Financial guarantee contracts issued by the Fund represent those contracts that require a payment to be made to reimburse the holder for losses the party incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the following measures: estimated allowance on losses and the amount of liability recognized less cumulative amortization.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Options arising on investments acquisition

If at acquisition of the investments the Fund issues to a seller a call option on acquired interest in the business, the Fund assesses whether being a party to such option gives to a third party access to benefits and risks associated with ownership of such interest.

If a call-option does not provide a holder of the option with access to benefits and risks of acquired interest, this call option is not accounted for the purpose of determination of Fund's significant influence.

Fair value of the liability for the Fund under the option is recognized as a part of acquired investments. The financial liability is subsequently measured in accordance with the requirements of IFRS 9. Changes in the fair value of a financial liability as well as any gains or losses related to the settlement of these options are recorded directly in separate statement of comprehensive income.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Total gain or loss is recognized in the separate statement of comprehensive income unless the derivative is designated and effective as a hedging instrument, in such event the timing of the recognition in the separate statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 (twelve) months and it is not expected to be realized or settled within 12 (twelve) months. Other derivatives are classified as current assets or current liabilities.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When 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, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position if, and only if, there is a currently enforceable legal 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 liabilities simultaneously.

Non-current assets classified as held for distribution to the Shareholder

Assets are classified as non-current assets held for transfer to the Shareholder if they meet the following criteria:

- Are available for immediate transfer in their current condition;
- There is a firm intention to ensure their planned transfer;
- Actions have been undertaken to complete the plan;
- There is a high probability of making a transfer, and it is expected that the transfer will be completed within 1 (one) year from the date of classification.

Non-current assets classified as held for transfer to the Shareholder have been presented separately in the separate statement of financial position.

Non-current assets (or disposal groups) classified as held for transfer to the Shareholder are measured at the lower of carrying amount and fair value less costs to transfer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets classified as held for distribution to the Shareholder (continued)

Non-current asset that ceases to be classified as held for transfer to the Shareholder is measured at the lower of:

- Its cayfrrying amount before the asset (or disposal group) was classified as held for transfer to the Shareholder, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset (or disposal group) not been classified as held for transfer to the Shareholder; and
- Its recoverable amount at the date of the subsequent decision not to transfer.

Current versus non-current classification

The Fund presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The Fund classifies all other liabilities as non-current. Deferred tax assets and liabilities are always classified as non current assets and liabilities.

Revenue recognition

Income is recognized when it is probable that the Fund will receive economic benefits associated with the transaction and the amount of income can be reliably determined.

Interest and similar income and expenses

Interest income on financial instruments, except for interest income on placement of temporarily excess cash, represent income from operating activity of the Fund and is disclosed as interest income. Interest income on placement of temporarily excess cash is disclosed as finance income. For all financial instruments measured at amortized cost and interest bearing securities classified as available-for-sale, interest income or expense is recorded at the effective interest rate. This rate allows exact discounting of estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, early repayment) and includes any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if there is reassessment of payments and cash receipts by the Fund. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss in the separate financial statements, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Dividends

Dividends income is recognized when the Fund's right to receive the payment is determined.

Expense recognition

Expenses are recognized as incurred and are reported in the separate statement of comprehensive income in the period to which they relate on the accrual basis.

Government grants

Due to the fact that the Government of the Republic of Kazakhstan is the sole shareholder of the Fund, the Fund analyses all transactions with the Government to assess its role: where the Government acts primarily in its capacity of the Shareholder or where it acts as a regulator. If it is determined that in a specific transaction the Government acts in capacity of the Shareholder any gains or losses incurred by the Fund as a result of such transaction are reflected directly in equity as either a contribution or withdrawal of equity by the Shareholder.

If it is determined that in a specific transaction the Government does not act in capacity of the Shareholder such transactions are accounted for using provisions of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. In such circumstances, government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the separate statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments. Grants related to income are presented separately in the separate statement of comprehensive income within revenues from operating activities.

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the separate statement of comprehensive income except to the situations when it relates to items charged or credited directly to the equity, in which case it is recognized in equity.

Current income tax expenses are the expected taxes payable on the taxable profit for the year and any adjustments to tax payable in respect of previous years.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method.

Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements, except where the deferred income tax arises as a result of the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted (or substantively enacted) at the reporting date.

Equity

Share capital

Common shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess or deficiency of the fair value of consideration received over the par value of shares issued is recognized as an increase or decrease in the retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity (continued)

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed in the separate financial statements when they are proposed before the reporting date or proposed or declared after the reporting date but before the separate financial statements are authorised for issue.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the separate financial statements of the Fund requires management to make judgments, estimates and assumptions that affect the reported in the separate financial statements amounts of revenue, expenses, assets and liabilities, and disclosure of contingent liabilities and assets as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the separate statement of financial position cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments reported in the separate financial statements.

Taxation

In assessing tax risks, management considers the known areas of non-compliance with tax legislation as a possible obligation which the Fund would not appeal or does not believe it could successfully appeal, if additional taxes will be accrued by tax authorities, Such determination requires significant judgments and is subject to changes as a result of changes in tax legislation and regulations, amendments to the taxation terms, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities.

Deferred tax assets

Deferred tax assets were recognized for all allowances on provisions and other liabilities to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved, as well as successful application of tax planning strategies, The unrecognized deferred tax assets were equal to 55,564 million tenge as at 31 December 2021 (as at 31 December 2020: 49,134 million tenge) *(Note 24)*.

Estimation of expected credit losses

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Fund's credit grading model, which assigns PDs to the individual grades;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as oil price with one year lag, and the effect on PDs, EADs and LGDs.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of investments in subsidiaries and joint ventures

At each reporting date the Fund evaluates whether indicators of impairment of the carrying amount of investments in subsidiaries and joint ventures exist. If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount. If the carrying amount exceeds the recoverable amount, impairment is recorded. The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (adjusted WACC) that Management of the Fund believes reflects the current market assessment of the time value of money and the risks specific to the assets, The change in the estimated recoverable amount may result in an additional impairment or a reversal of the impairment and thus an impairment reversal being recognised in future periods.

Impairment of investments in “National Company “Kazakhstan Temir Zholy” JSC (“KTZh”)

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances.

The Management of the Fund performed analysis of impairment indicators of the investments in KTZh. Based on performed analysis it was identified that carrying amount of the investments in KTZh was higher than net assets of KTZh as at 31 December 2021.

Due to existing impairment indicators, the Fund performed an impairment test for property, plant and equipment and intangible assets as at 31 December 2021. Recoverable amount of investments in KTZh was determined using value in use method.

A number of subjective factors, both operational and financial, using the best evidence available, had been used to estimate cash flows.

The operational assumptions used in the test reflect expected volumes of transportation services, including transit volumes, based on projected demand and historical growth dynamic of transit freight transportations volumes, based on the approved KTZh business plan, which is a tool for achieving strategic goals.

Financial assumptions include significant estimates associated with tariff forecasts and growth rates, discounts, and projected tenge to Swiss Franc exchange rates. The key long-term assumptions that were used in the calculation were an annual growth rate of 3.09% and a discount rate of 10.86%.

As at 31 December 2021 no impairment has been identified based on the estimated value in use of the Fund’s investments. However, the value in use estimate is sensitive particularly to the following assumptions:

- Transit freight transportation volumes;
- Revenue rate, including the tariffs growth, types of freight, distance of freight transportation; and
- The discount rate (WACC).

The Fund performed a sensitivity analysis and concluded that when using the following justifiably possible changes in the key assumptions on an individual basis, while keeping other parameters constant, no impairment will occur:

- *Transit freight transportation volumes* – a decrease of the volumes in the next 5 years by 10% compared to budget;
- *Discount rate (WACC)* – an increase of the discount rate from 10.86% to 13.86%.

However, with more significant changes in each of the above key assumptions or simultaneous adverse impact of several factors, the carrying value of the Fund’s investments may become higher than their recoverable amount, which may result in the need to recognise impairment in the future.

Impairment of investments in “AstanaGas KMG” JSC (“AstanaGas”)

The Management of the Fund performed analysis of impairment indicators of the investments in AstanaGas. Based on performed analysis it was identified that carrying amount of the investments in AstanaGas was higher than net assets of AstanaGas as at 31 December 2021.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of investments in subsidiaries and joint ventures (continued)

Impairment of investments in “AstanaGas KMG” JSC (“AstanaGas”) (continued)

Due to existing impairment indicators, the Fund performed an impairment test as at 31 December 2021. Recoverable amount of investments in AstanaGas was determined using value in use method. The value in use was estimated as the present value of the terminal value (in the post-forecast period) of “Saryarka” gas pipeline. The terminal value calculation was formed on the basis of the assumption that “Saryarka” gas pipeline in the entire modeling period, including the post-forecast period, will be owned by AstanaGas, which allows the company to continue to lease it after 2033 on conditions that satisfy shareholders of AstanaGas, that is after the period during which the lease payments will go mainly to service loans.

Discount rate (WACC) of 12.40% was used in calculations. As a result of this analysis, as at 31 December 2021, no impairment was identified. Increase in WACC for 1% will result that the carrying value of the Fund’s investments may become higher than their recoverable amount, which may result in the need to recognise impairment in the future.

Impairment of investments in “Samruk-Kazyna Ondeu” LLP (former – “United Chemical Company” LLP)

The Management of the Fund performed analysis of impairment indicators of the investments in Samruk-Kazyna Ondeu. Based on performed analysis it was identified that carrying amount of the investments in Samruk-Kazyna Ondeu was higher than net assets of Samruk-Kazyna Ondeu as at 31 December 2021.

Due to existing impairment indicators of investments in Samruk-Kazyna Ondeu, the Fund performed an impairment test as at 31 December 2021. Recoverable amount of investments in Samruk-Kazyna Ondeu was determined using value in use method.

Financial assumptions include significant estimates associated with polypropylene tariff forecasts and growth rates, and projected tenge to US dollar exchange rates. The key long-term assumptions that were used in the calculation were an annual growth rate of 2.40% and a discount rate of 8.18% in the US dollar.

Based on the assessment of recoverable amount of investments as of 31 December 2021 no impairment was identified. However, the value in use estimate is sensitive particularly to the following assumptions:

- Sales volumes of polypropylene;
- US dollar exchange rate;
- The discount rate (WACC).

The Fund performed a sensitivity analysis and concluded that when using the following justifiably possible changes in the key assumptions on an individual basis, while keeping other parameters constant, no impairment will occur:

- *Discount rate (WACC)* − an increase of the discount rate from 8.18% to 10.9%.

The majority of the Samruk-Kazyna Ondeu’s projects are at the early stage of the development, thus being sensitive for the external and internal factors, such as delays on the projects’ stages and the economics of the projects. Significant changes of each of the mentioned above factors in the future, or the simultaneous impact of several factors, may trigger significant impairment losses during the periods, when these changes would occur.

Impairment of investments in “KazPost” JSC (“KazPost”)

The Management of the Fund performed analysis of impairment indicators of the investments in KazPost. Based on performed analysis it was identified that carrying amount of the investments in KazPost was higher than net assets of KazPost as at 31 December 2021.

Due to existing impairment indicators of investments in Kazpost, the Fund performed an impairment test for property, plant and equipment and intangible assets as at 31 December 2021. Recoverable amount of investments in Kazpost was determined using value in use method.

A number of subjective factors, both operational and financial, using the best evidence available, had been used to estimate cash flows.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of investments in subsidiaries and joint ventures (continued)

Impairment of investments in "KazPost" JSC ("KazPost") (continued)

Operational assumptions include significant estimates related to the forecast level of traditional postal services, taking into account the Kazpost's project implementation plans, based on the approved Kazpost business plan, which is a tool for achieving strategic goals.

Financial assumptions include significant estimates associated with tariff forecasts and growth rates and discounts. The key long-term assumptions used in the calculation were an annual growth rate of 4.5% and a discount rate of 11.88%.

Based on the assessment of recoverable amount of investments as of 31 December 2021 no impairment was identified.

Impairment of investments in "QAZAQ AIR" JSC ("QAZAQ AIR")

The Management of the Fund performed analysis of impairment indicators of the investments in QAZAQ AIR. Based on performed analysis it was identified that carrying amount of the investments in QAZAQ AIR was higher than net assets of QAZAQ AIR as at 31 December 2021.

Due to existing impairment indicators, the Fund performed an impairment test as at 31 December 2021. Recoverable amount of investments in "QAZAQ AIR" JSC was determined using market method. The fair value of investment was determined as the fair value of 5 aircrafts and value of high liquid financial assets of "QAZAQ AIR" JSC.

Based on the assessment of recoverable amount of investments as of 31 December 2021 impairment was identified and the Fund recognized an impairment loss on investments in the amount of 12,200 million tenge in the separate statement of comprehensive income *(Note 5).*

5. INVESTMENTS IN SUBSIDIARIES

The following table represents investments in subsidiaries of the Fund, their activity, country of incorporation or location, as well as the Fund's share in these subsidiaries:

In millions of tenge	**Activity**	**Country**	**31 December 2021**	31 December 2020	**Ownership 31 December 2021**	Ownership 31 December 2020
"National company "Kazakhstan Temir Zholy" JSC	Passenger and cargo transportation	Kazakhstan	**1,494,701**	1,490,915	**100.00%**	100.00%
"National company "KazMunayGas" JSC	Exploration, production, processing and transportation of oil and gas	Kazakhstan	**1,187,621**	1,187,621	**90.42%**	90.42%
"Samruk-Kazyna Ondeu" LLP (former – "United Chemical Company" LLP)	Development and implementation of projects in the chemical industry	Kazakhstan	**531,291**	427,843	**100.00%**	100.00%
"Samruk-Energy" JSC	Electricity and heat production	Kazakhstan	**456,033**	456,033	**100.00%**	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Exploration, mining and processing of solid minerals	Kazakhstan	**293,333**	293,135	**100.00%**	100.00%
"Kazakhstan Electricity Grid Operating Company" ("KEGOC") JSC	Electricity transmission services	Kazakhstan	**120,648**	120,648	**90.00% + 1**	90.00% + 1
"National Atomic Company "KazAtomProm" JSC	Production and mining of uranium, rare metals	Kazakhstan	**110,608**	110,608	**75.00%**	75.00%
"Kazakhtelecom" JSC	Telecommunication services	Kazakhstan	**93,212**	93,212	**52.03%**	52.03%
"Samruk-Kazyna Invest" LLP	Investments	Kazakhstan	**68,517**	67,341	**100.00%**	100.00%
"Kazpost" JSC	Postal and financial activities	Kazakhstan	**42,902**	42,663	**100.00%**	100.00%
"Samruk-Kazyna Construction" JSC	Construction and real estate management	Kazakhstan	**31,849**	31,849	**100.00%**	100.00%
"QAZAQ AIR" JSC	Air transportation	Kazakhstan	**12,200**	8,162	**100.00%**	100.00%
Air Astana" JSC	Air transportation	Kazakhstan	**7,276**	7,276	**51.00%**	51.00%
Samruk-Kazyna Business Service" LLP	Transformation services, information and IT services	Kazakhstan	**2,606**	2,606	**100.00%**	100.00%
"Kazakhstan atomic electricity stations" JSC	Realization the construction projects of nuclear power plants	Kazakhstan	**1,123**	1,030	**100.00%**	100.00%
"Samruk-Kazyna Contract" LLP	Procurement activities	Kazakhstan	**21**	1,285	**100.00%**	100.00%
"National company "QazaqGaz" JSC (former – "National company "KazTransGas" JSC)	Exploration, production, transportation, sale and storage of natural gas and gas condensate	Kazakhstan	**–**	–	**100.00%**	–
"KOREM" JSC	Electricity market operator	Kazakhstan	**–**	–	**–**	100.00%
Less: allowance on impairment			**(12,200)**	–		
			4,441,741	4,342,227		

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries

Change in investments in subsidiaries is represented as follows:

"National company "Kazakhstan Temir Zholy" JSC

In 2021, the Fund made a contribution to the authorized capital of JSC "National company "Kazakhstan Temir Zholy" in the amount of 3,786 million tenge in the form of a property contribution.

"Samruk-Kazyna Ondeu" LLP

The amount of investments in "Samruk-Kazyna Ondeu" LLP increased by a total amount of 103,448 million tenge, mainly due to an additional contribution to the share capital in the form of a cash contribution of 86,469 million tenge, including 53,345 million tenge at the expense of the National Fund and 33,124 million tenge at the expense of its own funds.

The Fund also provided "Samruk-Kazyna Ondeu" LLP with two additional tranches of the loan in the amount of 1,161 million tenge with an interest rate below market, the discount for which in the amount of 73 million tenge, calculated as the difference between the fair value at the date of issuance of this loan and its nominal value, was recognized as an increase of investment *(Note 7)*.

During the period, the Fund recognized additional liabilities under the issued financial guarantee in the amount of 16,906 million tenge in connection with the receipt by "Samruk-Kazyna Ondeu" LLP of additional tranches on the loan from the China Development Bank.

"Samruk-Kazyna Invest" LLP

On 15 January 2021, the Fund acquired bonds issued by the subsidiary "Samruk-Kazyna Invest" LLP in the total amount equivalent to 4,195 million tenge with an interest rate below market, with a discount of 1,176 million tenge calculated as the difference between the fair value at the date the issuance of this loan and its nominal value was recognized as an increase in investment.

"QAZAQ AIR" JSC

In 2021, the Fund provided to "QAZAQ AIR" JSC additional tranches on the loan totaling 844 million tenge at below market interest rate, the discount on which is 18 million tenge, calculated as the difference between the fair value at the date of issuance of this loan and its nominal value, was recognized as an increase in investment *(Note 7)*.

On 25 October 2021 the Fund also recognized the discount in the amount of 4,020 million tenge as increase of investment in "QAZAQ AIR" JSC in connection with the change in repayment schedule of loan dated 24 October 2019.

As a result of performed impairment test, the Fund recognised an investment impairment loss of 12,200 million tenge in the separate statement of comprehensive income *(Note 4)*.

"Kazpost" JSC

On 6 May 2021, the Fund made a contribution to the authorized capital of "Kazpost" JSC in the amount of 239 million tenge in the form of a cash contribution.

"Samruk-Kazyna Contract" LLP

On 11 May 2021, the Fund decided to reduce the size of the authorized capital of Samruk-Kazyna Contract LLP by the amount of 1,264 million tenge, the amount of the reduction was recognized as part of accounts receivable, which was repaid on 30 June 2021 by transferring funds to the Fund's account.

In 2020, the Fund decided to reduce the authorized capital of Samruk-Kazyna Contract LLP by 7,300 million tenge, the amount of the reduction was recognized as part of accounts receivable and was paid in 2021.

"National company "QazaqGaz" JSC

On 9 November 2021 the Fund acquired 100% shares in "National company "QazaqGaz" JSC from "National company "KazMunayGas" JSC for 1 tenge. The investment was accounts for at cost of 1 tenge.

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries (continued)

"KOREM" JSC

On 14 April 2021 in accordance with the Resolution of the Government of the Republic of Kazakhstan dated 17 March 2021 the Fund transferred shares of "KOREM" JSC to the "State property and privatization committee of the Ministry of Finance of the Republic of Kazakhstan". As at 31 December 2020, the Fund classified investment in this subsidiary in the amount of 161 million tenge as assets for distribution to Shareholder.

National Atomic Company "KazAtomProm" JSC ("KazAtomProm")

In 2020, as part of the Comprehensive Privatization Plan for 2016-2020, the Fund through an IPO sold 6.28% of Kazatomprom shares on the Astana International Financial Center Exchange, as well as on the London Stock Exchange. Total revenue amounted to 85,165 million tenge. As a result of the transaction, the Fund recognized the disposal of an investment in a subsidiary in the amount of 9,271 million tenge, gain on disposal of an interest in a subsidiary, net of commission costs, in the amount of 75,299 million tenge in the separate statement of comprehensive. The total amount of funds received was 83,944 million tenge.

6. INVESTMENTS IN JOINT VENTURES

As at 31 December investments in joint ventures were presented as follows:

In millions of tenge	**31 December 2021**	31 December 2020
"KMG Kashagan B.V." PLLC	**1,494,941**	1,494,941
"AstanaGas KMG" JSC	**43,695**	43,695
"Stantsiya Ekibastuzskaya GRES-2" JSC	**16,390**	16,390
Less: allowance on impairment	**(9,474)**	(9,474)
	1,545,552	1,545,552

Activities of joint venture, country of residence and the Fund's share in these companies as of 31 December is presented as follows:

			Ownership	
Company	**Activity**	**Country**	**31 December 2021**	31 December 2020
"KMG Kashagan B.V." PLLC	Oil and gas industry	Netherlands	**50%**	50%
"AstanaGasKMG" JSC	Gas pipeline construction	Kazakhstan	**50%**	50%
"Stantsiya Ekibastuzskaya GRES-2" JSC	Production, transmission and distribution of electric energy	Kazakhstan	**50%**	50%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES

As at 31 December loans issued comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
Loans issued to subsidiaries	**372,218**	383,927
"Samruk-Energy" JSC	**91,686**	89,517
"National company "Kazakhstan Temir Zholy" JSC	**85,227**	83,558
"Samruk-Kazyna Construction" JSC	**67,436**	79,921
"QAZAQ AIR" JSC	**64,725**	63,963
"Samruk-Kazyna Ondeu" LLP	**56,258**	50,803
Other	**6,886**	16,165
Loans issued to third parties and related parties	**15,033**	15,841
"Doszhan Temir Zholy" JSC	**6,600**	7,047
"National company "Kazakhstan Engineering" JSC	**4,946**	5,220
Other	**3,487**	3,574
Bonds issued by subsidiaries	**262,349**	245,127
"Kazakhtelecom" JSC	**75,000**	75,000
"National company "Kazakhstan Temir Zholy" JSC	**46,035**	45,183
"Atyrau Oil Refinery" LLP	**32,385**	44,196
"Samruk-Kazyna Construction" JSC	**11,520**	–
Other	**97,409**	80,748
Bonds issued by third parties and related parties	**113,058**	107,407
"NMH Baiterek" JSC	**68,793**	63,431
"Baiterek Venture Fund" JSC	**40,150**	40,150
Other	**4,115**	3,826
Interest receivable	**18,957**	17,027
Less: allowance for expected credit losses	**(45,329)**	(42,144)
Total loans issued	**736,286**	727,185
Finance lease receivables	**5,135**	7,336
Total loans issued and finance lease receivables	**741,421**	734,521
Less: current portion	**(146,406)**	(167,608)
Non-current portion	**595,015**	566,913

The table below provides a breakdown by stage of loans issued:

	2021		
In millions of tenge	**Gross carrying amount**	**Allowance for expected credit losses**	**ECL coverage**
Stage 1	**708,053**	**(2,330)**	**0.33%**
Stage 2	**30,793**	**(229)**	**0.74%**
Stage 3	**42,770**	**(42,770)**	**100%**
	781,616	**(45,329)**	**5.80%**

	2020		
In millions of tenge	Gross carrying amount	Allowance for expected credit losses	ECL coverage
Stage 1	696,933	(1,096)	0.16%
Stage 2	31,731	(388)	1.22%
Stage 3	40,665	(40,660)	99.99%
	769,329	(42,144)	5.48%

7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES (continued)

Changes in loans issued to subsidiaries

"Samruk-Kazyna Construction" JSC ("SKC")

In 2012, the Fund entered into a revolving credit line agreement (with a line limit of 99,053 million tenge) with "SKC", according to which the Fund provided additional tranches to SKC in the amount of 1,043 million tenge in 2020, with a maturity date of 5 September 2032 and a interest rate of 2%, for financing housing projects under the "Affordable Housing − 2020" Program, approved by the Government of the Republic of Kazakhstan dated 21 June 2012.

Following the terms of the credit line, the Fund has the right to demand early repayment of loans or part of them from SKC, and SKC undertakes to repay in case of the Fund's request. In connection with this condition, the Fund classifies all loans issued under this credit line as short-term.

In 2021, SKC partially repaid loans of 12,485 million tenge (2020: 30,204 million tenge).

As at 31 December 2021, the total carrying amount of the principal and interest receivable on all loans issued to SKC amounted to 67,436 million tenge (as of 31 December 2020: 79,921 million tenge).

"QAZAQ AIR" JSC

On 29 March 2017, the Fund and "QAZAQ AIR" JSC entered into a loan agreement, according to which the Fund provided additional tranches for a total amount of 1,701 million tenge in 2021, with a loan maturity date of 31 December 2030 and interest rate of 0.01%. The purpose of the loan is to finance working capital, including the cost of operating leases and maintenance of aircraft engineering support, aviation insurance, and hiring of flight personnel.

On 24 October 2019, the Fund and "QAZAQ AIR" JSC entered into a loan agreement, according to which the Fund provided additional tranches for a total amount of 844 million tenge in 2021, with a loan maturity date of 24 October 2024 and interest rate of 2.5%. The purpose of the loan is to finance acquisition of three new aircrafts. The financing was carried out from the National Fund of the Republic of Kazakhstan.

As of 31 December 2021, the total book value of principal and interest receivable on all loans issued by "QAZAQ AIR" JSC was 64,738 million tenge (as of 31 December 2020: 63,972 million tenge).

"Samruk-Kazyna Ondeu" LLP

On 15 December 2017, the Fund concluded a loan agreement with "Samruk-Kazyna Ondeu" LLP for amount no more than 9,100 million tenge, according to which in 2021 the Fund provided additional tranches for a total amount of 1,161 million tenge, for the purpose of further issuing a loan to Polymer production LLP, with a maturity of each tranche until 31 December 2022 – 31 December 2032 and a fixed interest rate of 0.1-10% during the grace period until 29 September 2022 – 1 January 2026.

At initial recognition, the loan was recognized at fair value equal to 1,088 million tenge using appropriate market interest rates. The difference between the nominal value and the fair value of the loan at the date of recognition in the amount of 73 million tenge was recognized as an increase in investment in the subsidiary *(Note 5).*

As of 31 December 2021, the total book value of the principal debt and interest receivable for all loans issued by "Samruk-Kazyna Ondeu" LLP was 56,295 million tenge (as of 31 December 2020: 50,838 million tenge).

Change in bonds issued by subsidiaries

"Samruk-Kazyna Construction" JSC ("SKC")

In 2021, the Fund and SKC entered into a bond purchase-sale agreement, according to which the Fund on 15 March 2021 purchased bonds in the amount of 2 billion Russian rubles (equivalent to 11,500 million tenge at the exchange rate at the date of payment), with a loan maturity until 10 December 2022 and interest rate of 8%. The purpose of the loan is to finance investment projects.

As of 31 December 2021, the total book value of the principal debt and interest receivable was 11,802 million tenge.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES (continued)

Change in bonds issued by subsidiaries (continued)

"Atyrau Refinery" LLP ("AR")

On 9 January 2019 the Fund and AR entered into a bond purchase agreement for a total amount of 150 million US dollars. The purchase transaction was made in tenge at the exchange rate as at the date of the agreement and amounted to 56,223 million tenge. Repayment of principal and interest is made in tenge at the exchange rate as at the date of repayment indexed to the exchange rate as at the date of issue of the bonds. Financing of bonds purchase was made from own funds. The bonds mature on 21 January 2024; the coupon rate is 5% p.a.

On 15 January and 14 July 2021, AR made partial repayments of the loan in the amount of 12,685 million tenge in accordance with the principal repayment schedule.

As at 31 December 2021, the total carrying amount of principal and interest was 33,123 million tenge (as of 31 December 2020: 45,192 million tenge).

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

As at 31 December amounts due from credit institutions comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
10 largest local banks	**381,543**	393,172
Other local credit institutions	**30,588**	47,576
Interest accrued	**2,207**	2,371
Less: allowance for expected credit losses	**(5,686)**	(7,425)
Total amounts due from credit institutions	**408,652**	435,694
Less: current portion	**(23,743)**	(36,473)
Non-current portion	**384,909**	399,221

In millions of tenge	**31 December 2021**	31 December 2020
Rating from BBB-(Baa3) to BB-(Ba3)	**67,996**	104,774
Rating from B+(B1) to B-(B3)	**346,342**	338,345
Less: allowance for expected credit losses	**(5,686)**	(7,425)
	408,652	435,694

Amounts due from credit institutions were denominated in the following currencies:

In millions of tenge	**31 December 2021**	31 December 2020
Amounts due from credit institutions, in tenge	**400,077**	427,653
Amounts due from credit institutions, in US dollars	**8,575**	8,041
	408,652	435,694

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Amounts due from credit institutions are mainly represented by funds placed in banks and other financial institutions for financing activities within the framework approved by the Government (targeted loans), as well as bank deposits placed under the policy of temporary available cash:

In millions of tenge	**31 December 2021**	31 December 2020
Bonds placed with second-tier banks	**330,753**	320,817
Funds for financing activities within the framework approved by the Government	**83,585**	122,218
Bank deposits placed under the policy of temporary available cash	**–**	84
Less: allowance for expected credit losses	**(5,686)**	(7,425)
Total amounts due from credit institutions	**408,652**	435,694
Less: current portion	**(23,743)**	(36,473)
Non-current portion	**384,909**	399,221

Bonds placed with second-tier banks

As at 31 December 2021, effective interest rate for bonds placed with second tier banks was from 0.1% to 9% per annum (31 December 2020: from 0.1% to 9%), the maturity was from November 2022 to November 2035 (31 December 2020: from November 2022 to November 2035). The bonds are denominated in US dollars and tenge.

Funds in credit institutions to finance Government approved programs (targeted loans)

As at 31 December 2021 amounts placed with banks and other financial organizations, for purposes of financing Government appoved programs, were mainly represented by loans denominated in tenge issued to the following banks and other financial entities:

- "Entrepreneurship Development Fund "Damu" JSC, of 19,416 million tenge to finance small and medium businesses (2020: 19,416 million tenge). Interest on this loan was charged 5.5% per annum;
- "Development Bank of Kazakhstan" JSC, to decrease funding costs on finance leases, to stimulate export of Kazakhstani locomotives and decrease financing costs of investment projects in priority segments of economy of 6,005 million tenge, 2,896 million tenge and 2,081 million tenge respectively (2020: 21,200 million tenge, 4,446 million tenge and 2,270 million tenge, respectively). Interest on these loans was charged at rates from 0.2% to 0.6% per annum;
- To the commercial banks for refinancing mortgage loans, student loans, construction of housing in Astana and Almaty and provision of intermediary housing loans of 51,415 million tenge, 1,772 million tenge respectively (2020: 58,258 million tenge, 1,771 million tenge and 14,857 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.

As of 31 December 2021 and 2020, the Fund had no overdue funds with credit institutions.

9. OTHER NON-CURRENT FINANCIAL ASSETS

As at 31 December other financial assets comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
Long-term accounts receivable from SKC for the sale of a land plot	**2,086**	–
Financial investments measured at fair value through other comprehensive income	**694**	1.373
Equity securities of "Astana Finance" JSC	–	*6,516*
Debt securities	***1,413***	*1,373*
Less: allowance for expected credit losses	***(719)***	*(6,516)*
Total amount of other non-current financial assets	**2,780**	1,373

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

10. OTHER NON-CURRENT ASSETS

As at 31 December other non-current assets comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
Assets to be transferred	**24,611**	24,611
SAP licenses	**10,409**	12,927
Land plot	**–**	4,728
Other	**74**	294
Less: provision for impairment	**(10,079)**	(10,079)
	25,015	32,481

Assets to be transferred

On 29 December 2020 the Shareholder transferred the property of railway sections to the Fund for further transfer to subsidiaries. The transaction was executed on a free of charge basis, and the market value amounted to 23,797 million tenge. This transaction is recognized as transactions with a Shareholder in the separate statement of changes in equity.

The Shareholder also transferred property in the form of railway vehicles with a market value of 814 million tenge to the Fund.

SAP licences

In 2019, the Fund recognized an impairment provision for SAP licenses in the amount of 10,079 million tenge. The recoverable amount of these assets was determined based on the planned license requirement.

11. OTHER CURRENT ASSETS

As at December 31 other current assets comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
Financial assets	**54,190**	8,553
Notes of the National Bank of the Republic of Kazakhstan	**52,265**	–
Restricted cash	**18,417**	18,447
Other trade receivables	**12,011**	18,639
Less: allowance for expected credit losses	**(28,503)**	(28,533)
Non-financial assets	**5,953**	5,985
Other	***5,953***	*5,985*
	60,143	14,538

Other trade receivables

In accordance with corporate decisions in 2020 the amount of 7,300 million tenge was reclassified from investments in subsidiaries in "Samruk-Kazyna Contract" LLP to accounts receivable which were subsequently paid in January 2021.

Notes of the National Bank of the Republic of Kazakhstan

As of 31 December 2021 the balance of notes of the National Bank of the Republic of Kazakhstan is represented by notes purchased by the Fund in December 2021 for the total amount of 51,947 million tenge and accrued interest of 318 million tenge. The interest rate is 9.7% per annum.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

12. CASH AND CASH EQUIVALENTS

As at 31 December cash and cash equivalents comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
Current accounts with banks − US dollars	**67,366**	67,437
Current accounts with banks − tenge	**34,713**	62,740
Current accounts with banks − other currency	**45**	58
Bank deposits − US dollars	**174,215**	168,791
Bank deposits − tenge	**62,275**	45,271
Reverse repurchase agreements and other treasury securities with contractual maturity of three months or less	**54,498**	–
Less: allowance for expected credit losses	**(145)**	(5)
	392,967	344,292

As at 31 December 2021, the weighted average interest rate on term deposits was 8.89% in tenge, 0.46% in US dollars (31 December 2020: 8.52% in tenge, 0.49% in US dollars), on current accounts was 0.13% in tenge, 0.27% in US dollars (31 December 2020: 0.14% in tenge, 0.29% in US dollars).

13. EQUITY

Issue of shares

During 2021 and 2020, the Fund made issues of ordinary shares, which were paid for as follows:

Payment for shares	**Number of shares authorized and issued**	**Par value per share, in tenge**	**Share capital in millions of tenge**
As of 31 December 2019	3,481,957,769		5,229,112
Cash contributions	764	34,075,462; 422,494	26,000
Property contributions	1,875	21,848,312; 465,216	3,545
As of 31 December 2020	3,481,960,408		5,258,657
Cash contributions	**1,000**	**9,923,089**	**9,923**
As of 31 December 2021	**3,481,961,408**		**5,268,580**

As at 31 December 2021 − 3,481,961,408 shares of the Fund were fully paid up (31 December 2020: 3,481,960,408 shares).

Cash contributions

In August 2021 the Shareholder made cash contribution to the share capital of the Fund in the amount of 9,923 million tenge (2020: 26,000 million tenge). These funds are intended to finance projects carried out by a subsidiary "Samruk-Kazyna Ondeu" LLP *(Note 5).*

Property contributions

On 23 June 2020 the State Property and Privatisation Committee made contribution to the share capital of the Fund in the amount of 2,731 million tenge in the form of property contribution. This property was transferred to the share capital of Samruk-Energy JSC.

On 29 December 2020 the Shareholder also transferred to the Fund the property in the form of railway transportation with a market value of 814 million tenge *(Note 10).*

Other distributions to the Shareholder

In 2021, based on the order of the Shareholder, the Fund recognized financing for various social projects in the total amount of 65,497 million tenge *(Note 16).* This financing has been recognized as Other Distributions to the Shareholder in the separate statement of changes in equity (2020: 92,080 million tenge).

13. EQUITY (continued)

Discount on loans from the Government

In 2021, the Fund made partial early repayment of bond obligations to the National Bank in the amount of 558 million tenge (2020: 88,804 million tenge), and therefore recognized the amortization of the discount on loans from the Government in the amount of 278 million tenge (2020: 37,581 million tenge) in the separate statement of changes in equity *(Note 15)*.

Assets for distribution to Shareholder

On 14 April 2021 in accordance with the Resolution of the Government of the Republic of Kazakhstan dated 17 March 2021 the Fund transferred shares of KOREM JSC in the amount of 161 million tenge to the State property and privatization committee of the Ministry of Finance of the Republic of Kazakhstan *(Note 5)*. The transaction was recognized as assets for distribution to the Shareholder in the separate statement of changes in equity.

Dividends

On 30 November 2021, the Fund paid dividends to the Shareholder of 88,337 million tenge based on results of 2020 in accordance to the Resolution of the Government dated 22 November 2021.

On 26 August 2020, the Fund paid dividends to the Shareholder of 120,000 million tenge based on results of 2019 in accordance to the Resolution of the Government dated 21 August 2020.

Book value of shares

In accordance with the decision of the Exchange Council of Kazakhstan Stock Exchange ("KASE") dated 4 October 2010 the financial statements should contain data on the book value of one share (common and preferred) at the reporting date calculated in accordance with the approved KASE rules.

In millions of tenge	**31 December 2021**	31 December 2020
Total assets	**7,636,045**	7,470,291
Intangible assets	**(830)**	(850)
Total liabilities	**(1,787,392)**	(1,693,617)
Net assets for common shares	**5,847,823**	5,775,824
Number of common shares as at 31 December	**3,481,961,408**	3,481,960,408
Book value per common share, tenge	**1,679**	1,659

Earnings per share

In millions of tenge	**31 December 2021**	31 December 2020
Weighted average number of common shares for basic and diluted earnings per share	**3,481,960,762**	3,481,958,361
Basic and diluted net profit for the period per share	**62.13**	70.10

14. BORROWINGS

As at 31 December borrowings, including interest payable, comprised the following:

In millions of tenge	**Issuance amount**	**Redemption date**	**Interest rate**	**31 December 2021**	31 December 2020
Loans received				**630,029**	745,353
"National Company "KazMunayGas" JSC	492 billion tenge	2022	Interest-free	**453,328**	380,436
"VTB Bank" PJSC	10.4 billion roubles	2023	Key rate of the Central Bank of the Russian Federation + 1.75%	**61,119**	59,166
"National Mining Company "Tau-Ken Samruk" JSC	18.4 billion tenge	2022	Interest-free	**18,442**	18,442
"VTB Bank"(Kazakhstan) JSC	3 billion roubles	2023	Key rate of the Central Bank of the Russian Federation + 1.75%	**17,674**	17,114
"First Heartland Jusan Bank" JSC	40 million US dollars	2024	3M Libor + 1.39%	**17,320**	–
"Halyk Bank" JSC	40 million US dollars	2024	3M Libor + 1.3%	**17,316**	–
"First Heartland Jusan Bank" JSC (former – "ATF Bank" JSC)	20.5 billion tenge	2032	6.50%	**16,179**	17,637
"VTB Bank"(Kazakhstan) JSC	25 million US dollars	2026	2.25%	**10,807**	–
"Sberbank" JSC	4 billion roubles	2024	Key rate of the Central Bank of the Russian Federation + 1.8%	**9,185**	–
"Sberbank" JSC	20 million US dollars	2024	3M Libor + 1.39%	**8,659**	–
Tokyo – Mitshubishi UFJ, LTD Bank	600 million USD	2022	3M Libor + 1.4%	**–**	252,558
Bonds				**468,985**	254,313
Bonds LSE 2021	500 million US dollars	2026	2%	**213,291**	–
Bonds KASE 2020	129 billion tenge	2023	10.9%	**130,295**	130,295
Bonds KASE 2018	40.5 billion tenge	2024	9.25%	**41,468**	41,468
Bonds KASE 2018	34.5 billion tenge	2024	9.25%	**35,324**	35,324
Bonds KASE 2017	25 billion tenge	2027	10.5%	**26,050**	26,080
Bond KMG 2017	111 billion tenge	2044	0.5%	**18,438**	17,317
Bond DBK 2009	114.9 billion tenge	2059	0.01%	**4,119**	3,829
Total borrowings				**1,099,014**	999,666
Less: amounts due for settlement within 12 months				**(480,350)**	(151,789)
Amounts due for settlement after 12 months				**618,664**	847,877

14. BORROWINGS (continued)

Borrowings comprised the following currencies:

In millions of tenge	**31 December 2021**	31 December 2020
Borrowings, denominated in tenge	**743,644**	670,828
Borrowings, denominated in US dollars	**267,393**	252,430
Borrowings, denominated in Russian roubles	**87,977**	76,408
	1,099,014	999,666

The change in borrowings is represented as follows:

In millions of tenge	**2021***	2020*
Balance as at 1 January	**999,666**	887,396
Received by cash	**370,704**	405,435
Interest accrued	**36,666**	35,919
Discount *(Note 22)*	**(6,795)**	(11,617)
Interest paid	**(34,751)**	(37,650)
Repayment of principal	**(312,303)**	(334,840)
Amortisation of discount	**37,782**	29,982
Foreign currency translation	**8,685**	24,902
Other	**(640)**	139
Balance as at 31 December	**1,099,014**	999,666

* *Cash proceeds and repayments of certain borrowings obtained by the Fund are included within cash flows from operating activities because these borrowings are part of the Fund's main activity of assets management.*

Loans received

Interest free loan from "National company "KazMunayGas" JSC ("NC KMG")

In 2015, the Fund and NC KMG concluded an interest free loan agreement, according to which the Fund received 449,822 million tenge in 2015-2020. The loan was received to finance the Fund's commitments to increase the share capital of "KMG Kashagan B.V." PLLC and to refinance loans attracted by the Fund for the purchase of shares of "KMG Kashagan B.V." PLLC.

In 2021, the Fund received additional tranches from NC KMG in the amount of 43,151 million tenge, which were used to repay the Fund's liabilities under the coupon bonds. The difference between nominal value and fair value of the loan as at the date of tranches issue in the amount of 5,222 million tenge was recognized as finance income in the separate statement of comprehensive income.

Extension of maturity of the loan and term of Agreement is allowed until the moment of share repurchase of "KMG Kashagan B.V." from the Fund. The loan is issued without security, commissions and is interest free.

Loan from "VTB Bank" PJSC

On 1 October 2020 the Fund and "VTB Bank" PJCS entered into the loan agreement in the amount of 10,400 million roubles (equivalent to 56,992 million tenge at the exchange rate as at the date of transaction). The loan's maturity up to 1 October 2023 and interest rate equal to the key rate of the Central Bank of the Russian Federation and a fixed interest spread rate of 1.75% per annum.

Loan from "National Mining Company "Tau-Ken Samruk" JSC

In July 2020 the Fund received interest-free loan from Tau-Ken Samruk in the amont of 18,442 million tenge for replenishment the working capital. The maturity of the loan is 31 December 2020. In January 2021 the Fund concluded an addendum with Tau-Ken Samruk about extension of maturity date until 31 December 2021 and was fully repaid during 2021.

On 24 December 2021 the Fund received new interest-free loan from Tau-Ken Samruk for the total amount of 18,442 million tenge for replenishment the working capital. The maturity of the loan is 31 December 2022.

14. BORROWINGS (continued)

Loans received (continued)

Loan from "VTB Bank"(Kazakhstan) JSC

On 1 October 2020 the Fund and "VTB Bank" (Kazakhstan) JSC entered into a bank loan agreement in the amount of 3 billion roubles (equivalent to 16,650 million tenge at the exchange rate as at the date of transaction). The loan's maturity up to 1 October 2023 and interest rate equal to the key rate of the Central Bank of the Russian Federation and a fixed interest spread rate of 1.75% per annum.

On 14 December 2021 the Fund and "VTB Bank" (Kazakhstan) JSC entered into a bank loan agreement in the amount of 25 million US dollars (equivalent to 10,871 million tenge at the exchange rate as at the date of transaction). The loan's maturity up to 14 December 2026 and interest rate of 2.25% per annum.

Loan from "First Heartland Jusan Bank" JSC

On 27 April 2021, the Fund and "First Heartland Jusan Bank" JSC entered into a bank loan agreement, in accordance with which a loan was received in the total amount of 40 million US dollars (equivalent to 17,177 million tenge at the exchange rate on the date of the transaction). The loan was issued for a period until 27 April 2024 and with an interest rate of 3M Libor + and a fixed interest rate spread of 1.39% per annum. The goal is to refinance the partial scheduled repayment of the Syndicated Loan.

Loan from "Halyk Bank" JSC

On 26 April 2021, the Fund and "Halyk Bank" JSC entered into a bank loan agreement, in accordance with which a loan was received in the total amount of 40 million US dollars (equivalent to 17,177 million tenge at the exchange rate as of the payment date). The loan was issued for a period until 26 April 2024 and with an interest rate of 3M Libor + and a fixed interest rate spread of 1.3% per annum. The goal is to refinance the partial scheduled repayment of the Syndicated Loan.

Loan from "First Heartland Jusan Bank" JSC

On 19 July 2018 the Fund and "First Heartland Jusan Bank" JSC entered into a credit line agreement for the purpose of acquisition of "Green quarter" office building for own purposes, under which the loan of 20,580 million tenge was received with a maturity of 1 December 2032 and 6.5% interest rate per annum. In accordance with the approved repayment schedule principal and interest on the loan are paid on a quarterly basis.

Loan from "Sberbank" JSC

On 28 January 2021, the Fund and "Sberbank" JSC entered into a bank loan agreement, according to which a loan was received in two tranches for a total amount of 4 billion Russian rubles (equivalent to 22,620 million tenge at the exchange rate at the date of payments). The loan was issued for a period until 26 January 2024 and at an interest rate equal to the key rate of the Central Bank of the Russian Federation and a fixed interest rate spread of 1.8% per annum. The goal is to replenish the working capital of the Fund.

On 6 December 2021 the Fund made early partial repayment of principal in the amount of 2.4 billion roubles (equivalent to 14,293 million tenge at the exchange rate as at the date of transaction).

On 26 April 2021, the Fund and "Sberbank" JSC entered into a bank loan agreement, in accordance with which a loan was received for a total amount of 20 million US dollars (equivalent to 8,588 million tenge at the exchange rate as of the date of payment). The loan was issued for a period until 26 April 2024 and with an interest rate of 3M Libor + and a fixed interest rate spread of 1.39% per annum. The goal is to refinance the partial scheduled repayment of the Syndicated Loan.

14. BORROWINGS (continued)

Loans received (continued)

Loan from “Commercial and Industrial Bank of China” JSC

On 5 May 2021, the Fund and Industrial and “Commercial Bank of China” JSC entered into a bank loan agreement, in accordance with which a loan was received for a total amount of 25 million US dollars (equivalent to 10,671 million tenge at the exchange rate as of the date of payment). The loan was issued for a period until 4 May 2024 and with an interest rate of 3M Libor + and a fixed interest rate spread of 1.3% per annum. The goal is to refinance the partial scheduled repayment of the Syndicated Loan.

On 29 October 2021 the Fund made early full repayment of principal in the amount of 25 million US dollars (equivalent to 10,678 million tenge at the exchange rate as of the date of payment).

Loan from “SB “Bank of China in Kazakhstan” JSC

On 26 April 2021, the Fund and “SB “Bank of China in Kazakhstan” JSC entered into a bank loan agreement, in accordance with which a loan was received in the total amount of 25 million US dollars (equivalent to 10,736 million tenge at the exchange rate on the date of payment). The loan was issued for a period until 26 April 2024 and with an interest rate of 3M Libor + and a fixed interest rate spread of 1.41% per annum. The goal is to refinance the partial scheduled repayment of the Syndicated Loan.

On 29 October 2021 the Fund made early full repayment of principal in the amount of 25 million US dollars (equivalent to 10,678 million tenge at the exchange rate as of the date of payment).

Loan from the Bank Tokyo-Mitsubishi UFJ, LTD

On 28 June 2018, the Fund entered into a loan agreement with a syndicate of international and Kazakhstan banks − Bank of Tokyo Mitsubishi UFJ, Mizuho Bank, Ltd, Sumitomo Mitsui Banking Corporation, Halyk Bank of Kazakhstan JSC, Commercial and Industrial Bank of China JSC in Almaty and Citibank, N.A., Jersey Branch with Tokyo-Mitshubishi UFJ Bank, LTD in the amount of USD 600 million (equivalent of 204,786 million tenge at the exchange rate as at the date of the transaction). The loan’s matury up to 30 October 2022 with a grace period until 30 April 2021 at an annual interest rate of 1.4% + 3M Libor.

In April 2021, the Fund repaid the principal debt in the amount of 150 million US dollars (equivalent at the exchange rate at the payment date in the amount of 64,360 million tenge) according to the loan repayment schedule.

In October 2021 the Fund early repaid the principal debt in the amount of 450 million US dollars (equivalent at the exchange rate at the payment date in the amount of 192,407 million tenge).

Bonds

In October 2021 the Fund issued eurobonds for the total amount of 500 million US dollars on London Stock Exchange (equivalent to 211,271 million tenge at the exchange rate as of date of transaction) with an annual coupon rate of 2% and maturity in 2026. The goal is to refinance the early full repayment of the Syndicated Loan from the Bank Tokyo-Mitsubishi UFJ, LTD.

Covenants

The Fund is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. As of 31 December 2021 and 2020 the Fund complied with all financial and non-financial covenants.

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

Loans from the Government of the Republic of Kazakhstan comprised the following:

In millions of tenge	**Redemption date**	**Interest rate**	**31 December 2021**	31 December 2020
Bonds purchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	2035-2063	0.01-3%	**558,982**	541,753
Other loans from the Government	2022-2046	0.15-0.4%	**20,387**	51,468
Total amounts due to the Government of the Republic of Kazakhstan			**579,369**	593,221
Less: current portion			**(10,264)**	(30,773)
Non-current portion			**569,105**	562,448

The change in loans from the Government of the Republic of Kazakhstan are represented as follows:

In millions of tenge	**2021***	2020*
Balance as at 1 January	**593,221**	627,561
Interest accrued	**17,445**	19,050
Discount	**278**	37,581
Interest paid	**(17,530)**	(19,959)
Principal paid	**(34,454)**	(89,747)
Amortisation of discount	**20,409**	18,735
Balance as at 31 December	**579,369**	593,221

* *Cash proceeds and repayments of certain borrowings obtained by the Fund are included within cash flows from operating activities because these borrowings are part of the Fund's main activity of assets management.*

Bonds purchased by the National Bank of the Republic of Kazakhstan

In accordance with the Rules on proceeds to the National Fund of the Republic of Kazakhstan from transfer of assets of national managing holdings, national holdings, national companies and their subsidiaries, affiliates and other legal entities affiliated with them to the competitive environment approved by the Resolution of the Government of the Republic of Kazakhstan No. 323 dated 4 June 2018, funds received from sale of national assets can be used for redemption of Fund's liabilities due to the National Fund.

In this regard, in 2021, in accordance with the corporate decisions made by the Fund, a partial early redemption of bonds at par value in the amount of 558 million tenge was carried out within the eleventh bond issue of the Fund purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized amortization of discount on loans from the Government in the amount of 278 million tenge in the separate statement of changes in equity *(Note 13).*

16. OTHER CURRENT LIABILITIES

In millions of tenge	**31 December 2021**	31 December 2020
Liabilities on financing of other social projects:	**52,755**	54,027
Construction of the National Coordination Center for Emergency Medicine in the city of Nur-Sultan for 200 beds and the National Scientific Center for Infectious Diseases in the city of Almaty for 350 beds	***26,255***	*50,004*
Construction of the Center of the Kazakh Gymnastics Federation in Nur-Sultan city	***18,000***	*–*
Construction of family rest park in Nur-Sultan city	***8,500***	*–*
Nazarbayev University	**–**	*3,973*
Other social projects	**–**	*50*
Other liabilities	**2,666**	3,276
Total amount of other current liabilities	**55,421**	57,303

16. OTHER CURRENT LIABILITIES (continued)

Liabilities on financing of other social projects

In 2021, based on the order of the Shareholder, the Fund recognized obligations on financing of various social projects in the total amount of 65,497 million tenge (2020: 92,080 million tenge) *(Note 13)*.

Actual amount of cash paid during 2021 totaled to 67,097 million tenge (2020: 50,844 million tenge).

17. FINANCIAL GUARANTEE LIABILITIES

As at December 31 the financial guarantee liabilities comprised the following:

In millions of tenge	**31 December 2021**	31 December 2020
As at 1 January	**43,427**	31,214
Guarantees issued during the year	**17,103**	21,727
Amortization of financial guarantee liabilities	**(6,942)**	(9,514)
As at 31 December	**53,588**	43,427
Less: current portion	**(5,195)**	(5,243)
Non-current portion	**48,393**	38,184

Financial guarantee liabilities include the Fund's liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries and joint venture *(Notes 5 and 6)*. The main part of the guarantee agreements is concluded on the condition that there is no compensation to the Fund. Total outstanding amount of guarantees as at 31 December 2021 is 1,884 million US dollars and 155,873 million tenge (31 December 2020: 1,374 million US dollars, 154,479 million tenge, respectively).

18. INTEREST INCOME

Interest income for the years ended 31 December comprised the following:

In millions of tenge	**2021**	2020
Interest on bonds	**39,070**	31,538
Unwinding of discount on loans issued	**33,099**	36,448
Interest on loans issued	**11,870**	13,052
	84,039	81,038

19. INTEREST EXPENSES

Interest expenses for the years ended 31 December comprised the following:

In millions of tenge	**2021**	2020
Interest on bonds issued and borrowings	**41,628**	46,755
Unwinding of discount on financial liabilities	**21,656**	20,265
Loss on discounting of financial assets at initial recognition	**441**	53,389
	63,725	120,409

20. DIVIDEND INCOME

In millions of tenge	**2021**	2020
"National Atomic Company "KazAtomProm" JSC	**112,561**	80,466
"National company "KazMunayGas" JSC	**45,212**	73,911
"National mining company "Tau-Ken Samruk" JSC	**45,537**	30,254
"Kazakhstan Electricity Grid Operating Company" ("KEGOC") JSC	**37,377**	29,472
"Kazakhtelecom" JSC	**9,642**	4,335
"Samruk-Energy" JSC	**3,242**	3,066
"Samruk-kazyna Construction" JSC	**1,020**	–
Other subsidiaries	**297**	273
	254,888	221,777

In 2021 the Fund received dividends in the amount of 253,502 million tenge (2020: 221,777 million tenge).

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprised the following:

In millions of tenge	**2021**	2020
Sponsorship and charitable donations	**7,137**	7,398
Personnel costs	**3,354**	3,236
Third-party services	**2,423**	2,556
Depreciation and amortization	**2,147**	2,208
Taxes	**1,150**	1,672
Repair and maintenance	**862**	850
Non-refundable VAT	**693**	851
Consulting (audit) services and information expenses	**173**	1,199
Other	**6,480**	4,570
	24,419	24,540

Sponsorship and charitable donations

The Fund on an annual basis makes target donations in accordance with its Charity program. The target charity transfers were provided for financing the number of projects implemented through a single Operator − Corporate Fund “Samruk-Kazyna Trust”.

Other

Other expenses include other administrative expenses, including expenses for remuneration of members of the management body − the Board of Directors in the total amount of 340 million tenge (2020: 309 million tenge), funds for support of operating activities of subordinated organizations in the total amount of 1,185 million tenge (2020: 1,041 million tenge) and other administrative expenses to ensure operating activities of the Fund.

22. FINANCE INCOME

Finance income for the year ended 31 December comprised the following:

In millions of tenge	**2021**	2020
Interest on bank deposits	**8,775**	11,820
Income from financial guarantees	**7,002**	9,583
Discount on borrowings	**6,795**	11,617
Income on “reverse repo” transactions and notes of the National Bank of the Republic of Kazakhstan	**4,764**	1,358
Amortisation of discount on financial assets	**324**	547
Interest on current bank accounts	**175**	1,308
Other	**317**	305
	28,152	36,538

23. FINANCE EXPENSES

Finance expenses for the year ended 31 December comprised the following:

In millions of tenge	**2021**	2020
Unwinding of discount on borrowings	**36,536**	28,450
Interest on bank loans	**12,483**	8,214
Other	**501**	1,190
	49,520	37,854

24. INCOME TAX EXPENSE

Income tax expense for the years ended 31 December comprised the following:

In millions of tenge	**2021**	2020
Withholding tax expense	**2,941**	3,724
	2,941	3,724

As at 31 December 2021, the Fund was subject to corporate income tax at the statutory rate of 20% (31 December 2020: 20%).

A reconciliation of income tax expenses applicable to its profit before income tax at the statutory income tax rate to actual income tax expense was as follows:

In millions of tenge	**2021**	2020
Profit before income tax	**219,270**	247,796
Statutory income tax rate	**20%**	20%
Theoretical income tax expense	**43,854**	49,559
Change in unrecognised deferred tax assets	**6,430**	17,515
Expenses on sponsorship and charitable donations	**1,427**	1,480
Allowance on impairment of loans issued and amounts due from credit institutions	**255**	236
Income from dividends	**(50,978)**	(44,355)
Gain on disposal of share in subsidiary	**–**	(15,179)
Discount on financial assets and financial liabilities	**(47)**	(1,800)
Income from financial guarantees	**(1,388)**	(1,737)
Impairment of investments in subsidiaries	**2,440**	–
Other non-taxable differences	**948**	(1,995)
Corporate income tax expense presented in the separate statement of comprehensive income	**2,941**	3,724

Deferred income tax balances, calculated by applying the statutory tax rates effective at the reporting date to the temporary differences between the tax basis of assets and liabilities and the amounts reported in the separate financial statements, are comprised of the following:

In millions of tenge	**As at 31 December 2021**	**Profit and loss**	As at 31 December 2020	Profit and loss	As at 31 December 2019
Deferred tax assets					
Excess of the amount of corporate income tax withheld at the source of payment from income in the form of remuneration, over the amount of corporate income tax calculated	**60,261**	**2,941**	57,320	3,724	53,596
Amounts due from credit institutions	**21,164**	**(2,251)**	23,415	9,642	13,773
Loans issued	**401**	**(211)**	612	542	70
Other liabilities	**656**	**(154)**	810	(178)	988
Less: unrecognized deferred tax assets	**(55,564)**	**(6,430)**	(49,134)	(17,515)	(31,619)
Deferred tax assets	**26,918**	**(6,105)**	33,023	(3,785)	36,808
Deferred tax liabilities					
Borrowings	**(26,553)**	**6,224**	(32,777)	3,519	(36,296)
Property, plant and equipment	**(198)**	**(198)**	–	–	–
Other accounts receivable	**(167)**	**79**	(246)	266	(512)
Deferred tax liabilities	**(26,918)**	**6,105**	(33,023)	3,785	(36,808)
Net deferred tax assets/(liabilities)	**–**	**–**	–	–	–

A deferred tax asset/liabilities is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets/liabilities are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Investments in subsidiaries and joint ventures will be recovered primarily through dividends. Dividends from subsidiaries and joint ventures are not taxable, accordingly the Fund did not recognize deferred tax on undistributed earnings from investments.

25. RELATED PARTY TRANSACTIONS

Related parties include entities of the Fund's group and other entities controlled by the Government, the Fund's key management personnel, and other related parties. Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs applicable to related and third parties.

The following tables show the total amounts of transactions entered into with related parties during 2021 and 2020 and the corresponding balances as at 31 December 2021 and 2020:

In millions of tenge		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Subsidiaries	**31 December 2021**	**617,809**	**520,818**	**–**
	31 December 2020	619,532	447,067	–
Associates and joint ventures of subsidiaries	**31 December 2021**	**5,320**	**–**	**–**
	31 December 2020	**5,767**	–	–
Other entities controlled by the Government	**31 December 2021**	**148,156**	**652,199**	**34,660**
	31 December 2020	174,816	667,216	62,709

In millions of tenge		Dividends income	Purchases from related parties	Sales to related parties
Subsidiaries	**2021**	**254,888**	**4,414**	**563**
	2020	221,777	3,287	288

In millions of tenge		Interest accrued to related parties	Interest incurred to related parties	Finance income accrued to related parties	Finance expenses incurred to related parties
Subsidiaries	**2021**	**42,895**	**5,118**	**5,823**	**36,536**
	2020	50,347	5,557	11,617	28,450
Associates and joint ventures of subsidiaries	**2021**	**491**	**–**	**–**	**–**
	2020	552	–	–	–
Other entities controlled by the Government	**2021**	**8,772**	**44,787**	**198**	**–**
	2020	8,877	39,452	2,703	–

The nature of transactions entered into with related parties during 2021 and 2020 are disclosed in the relevant notes to the separate financial statements.

Total compensation to key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income was equal to 615 million tenge for the year ended 31 December 2021 (2020: 575 million tenge). The indicated amount includes the compensation to the independent directors, which are members of management personnel, the Board of Directors of 340 million tenge for the year ended 31 December 2021 (2020: 309 million tenge). Compensation to key management personnel consists of salary expenses including taxes, pension contributions and other annual performance based payments.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's principal financial liabilities consist of borrowings from credit institutions and the Government, bonds issued, financial guarantees and other accounts payable. The main purpose of these financial instruments is to raise financing for the Fund's operations. The Fund's financial assets comprise loans issued to subsidiaries and credit institutions, bank deposits, other financial assets, other accounts receivable, bonds and government securities acquired, cash and cash equivalents arising directly from its operating activity.

The Fund is exposed to market risk, interest rate risk, credit risk, currency risk and liquidity risk.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to interest rate risk relates primarily to the Fund's loans received with floating interest rate *(Note 14)*.

Sensitivity of the Fund's profit before income tax to the potential changes in interest rates with all other variables held constant. There is no impact on the Fund's equity.

In millions of tenge	**Increase/ decrease in basis points**	**Impact on profit before tax**
2021		
US dollar	**+1.25**	**(3,343)**
	-0.25	**669**
Russian rouble	**+1.25**	**(1,079)**
	-0.25	**216**
2020		
US dollar	+1	(2,525)
	-0.25	631
Russian rouble	+1	(753)
	-0.25	188

Credit risk

Credit risk arising from the inability of parties to meet terms of the Fund's financial instrument contracts is generally limited to the amounts, if any, by which the counterparties' obligations exceed the obligations of the Fund to those parties.

It is the Fund's policy to enter into financial instruments with a number of creditworthy parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Fund considers that its maximum exposure is reflected by the amount of loans issued *(Note 7)*, amount due from credit institutions *(Note 8)*, other financial assets *(Note 9)*, other assets *(Notes 10, 11)*, and cash and cash equivalents *(Note 12)*, net of allowances for impairment recognized at the reporting date. For the financial guarantee issued, the maximum credit risk exposure equals the nominal value of the guaranteed loan agreement as disclosed in "Liquidity risk" section of this note.

Concentration of credit risk may arise from exposure to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected by changes in economic or other conditions.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity risk may arise as a result of inabilities to sell a financial asset quickly at cost close to its fair value.

Liquidity requirements are monitored on a regular basis and management of the Fund ensures that sufficient funds are available to meet any commitments as they arise.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Fund's financial liabilities at 31 December 2021 and 2020 based on contractual undiscounted payments.

In millions of tenge	**Less than 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**>5 years**	**Total**
As at 31 December 2021						
Borrowings	**295**	**1,412**	**528,433**	**387,133**	**274,303**	**1,191,576**
Loans from the Government of the Republic of Kazakhstan	**13**	**24**	**21,298**	**173,638**	**1,851,202**	**2,046,175**
Financial guarantees*	**11,876**	**946**	**12,823**	**181,444**	**761,800**	**968,889**
Other liabilities	**–**	**905**	**52,755**	**–**	**–**	**53,660**
Total	**12,184**	**3,287**	**615,309**	**742,215**	**2,887,305**	**4,260,300**

In millions of tenge	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	>5 years	Total
As at 31 December 2020						
Borrowings	205	1,595	142,103	910,494	279,652	1,334,049
Loans from the Government of the Republic of Kazakhstan	13	24	43,343	92,154	2,007,592	2,143,126
Financial guarantees*	11,582	–	12,581	158,445	552,962	735,570
Other liabilities	–	19,382	26,300	9,913	–	55,595
Total	11,800	21,001	224,327	1,171,006	2,840,206	4,268,340

* *The Company includes financial guarantees to the maturity profile table. However, the cash outflow in relation to financial guarantees is subject to certain conditions. Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. In 2021 and 2020 there were no instances of financial guarantees execution.*

Currency risk

Except for current accounts with banks in foreign currency, the Fund attracts substantial amount of foreign currency denominated long-term loans and borrowings and thus exposed to currency risk.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies' exchange rate, with all other variables held constant, of the Fund's profit/(loss) before income tax (due to changes in the fair value of monetary assets and liabilities). The sensitivity of possible changes in exchange rate for other currencies are not considered due to insignificance to the separate financial results of the Fund's operations. There is no impact on the Fund's equity.

In millions of tenge	**Increase/ (decrease) in currency rate**	**Effect on loss/profit before income tax**
2021		
US dollar	**13%**	**16,960**
	(10%)	**(13,046)**
Russian rouble	**13%**	**(9,919)**
	(13%)	**9,686**
2020		
US dollar	14%	12,124
	(11%)	(9,526)
Russian rouble	15%	(11,293)
	(15%)	11,293

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Fund's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize value of parties concerned. The Fund manages its capital structure and makes adjustments to structure and volume in light of changes in economic conditions. To maintain optimal structure of the capital, the Fund may issue new shares or attract borrowings.

The Fund performs capital management through attracting financial resources at optimally advantageous conditions for further financing of its activity and to invest it for achieving strategic tasks assigned to the Fund. The process of capital management also includes regular monitoring of current conditions at the capital market, of cost of borrowed funds and risks related to the each class of capital.

The Fund has established the debt to equity ratio which should not exceed a ratio of 4:1. This coefficient was satisfied during the reporting period and as at the reporting date. According to the Fund's Policy of debt management the cost of borrowed funds include fair value of obligations incurred due to receiving loans, issuing securities, financial leases, acquisition or sale of derivative financial instruments and deferred payables for non-current financial assets in accordance with IFRS, and nominal amounts of guaranteed principal of liabilities due to legal entities.

Debt to equity ratio is presented as follows as of 31 December:

In millions of tenge	**2021**	2020
Borrowings	**1,099,014**	999,666
loans from the Government of the Republic of Kazakhstan	**579,369**	593,221
Total debt	**1,678,383**	1,592,887
Less:cash and cash equivalents	**(392,967)**	(344,292)
Total net debt	**1,285,416**	1,248,595
Equity	**5,848,653**	5,776,674
Debt to equity ratio	**0.29**	0.28

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted market prices in active markets (unadjusted) for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.
- Level 3: techniques in which inputs used which have a significant effect on the recorded fair value that is not based on observable market data.

A comparison of all of the Fund's financial instruments by category of carrying amounts and fair values (presented at fair value in the separate statement of financial position) is set out below:

In millions of tenge	**31 December 2021**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial investments measured at fair value through other comprehensive income *(Note 9)*	**1,413**	**1,413**	**–**	**–**

In millions of tenge	31 December 2020	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial investments measured at fair value through other comprehensive income *(Note 9)*	1,373	1,373	–	–

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments

The carrying value of the Funds's financial instruments as of 31 December 2021 and 2020 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	2021				
			Fair value by level of assessment		
In millions of tenge	**Carrying amount**	**Fair value**	**Quotations in an active market (Level 1)**	**From the observed market (Level 2)**	**Based on the significant amount of unobserved (Level 3)**
Financial assets					
Amounts due from credit institutions *(Note 8)*	**408,652**	**394,175**	**–**	**394,175**	**–**
Loans with fixed interest rate *(Note 7)*	**741,421**	**679,825**	**–**	**679,825**	**–**
Notes of the National Bank of the Republic of Kazakhstan	**52,265**	**52,265**	**52,265**	**–**	**–**
Financial liabilities					
Borrowings *(Note 14)*	**1,099,014**	**1,087,627**	**213,293**	**874,334**	**–**
Loans from the Government of the Republic of Kazakhstan *(Note 15)*	**579,369**	**374,861**	**–**	**374,861**	**–**
Financial guarantee liabilities *(Note 17)*	**53,588**	**49,606**	**–**	**49,606**	**–**
Other liabilities	**52,755**	**52,755**	**–**	**–**	**52,755**

	2020				
			Fair value by level of assessment		
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Amounts due from credit institutions *(Note 8)*	435,694	417,961	–	417,961	–
Loans with fixed interest rate *(Note 7)*	734,521	674,432	–	674,432	–
Financial liabilities					
Borrowings *(Note 14)*	999,666	986,055	–	986,055	–
Loans from the Government of the Republic of Kazakhstan *(Note 15)*	593,221	416,166	–	416,166	–
Financial guarantee liabilities *(Note 17)*	43,427	33,105	–	33,105	–
Other liabilities	54,027	54,027	–	–	54,027

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financing activities

In millions of tenge	1 January 2021	Cash flows	Foreign exchange movement	New liabilities	Other	31 December 2021
	2021					
Other liabilities	54,027	**(67,097)**	**154**	**65,432**	**239**	**52,755**
Dividends payable	–	**(88,337)**	**–**	**88,337**	**–**	**–**
Loans from the Government of the Republic of Kazakhstan	371,793	**(558)**	**–**	**–**	**7,013**	**378,248**
Borrowings	363,815	**(196,021)**	**7,014**	**–**	**–**	**174,808**
Other bonds issued	75,000	**211,271**	**–**	**–**	**–**	**286,271**
Total liabilities from financing activities	864,635	**(140,742)**	**7,168**	**153,769**	**7,252**	**892,082**

In millions of tenge	1 January 2020	Cash flows	Foreign exchange movement	New liabilities	Other	31 December 2020
	2020					
Other liabilities	11,930	(50,844)	157	92,080	704	54,027
Dividends payable	–	(120,000)	–	120,000	–	–
Loans from the Government of the Republic of Kazakhstan	417,309	(88,804)	–	–	43,288	371,793
Borrowings	248,518	90,638	24,659	–	–	363,815
Other bonds issued	149,994	(74,994)	–	–	–	75,000
Total liabilities from financing activities	827,751	(244,003)	24,815	212,080	43,992	864,635

IBOR Reform

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Fund has disclosed contracts that could be affected. During 2021, the Fund has not completed the transition of a significant portion of its IBOR exposure to risk free rates (RFRs) for those interest rate benchmarks such as USD LIBOR that will cease to be available after 30 June 2023 and for which the transition date has not yet been determined.

IBOR reform exposes the Fund to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform;
- Financial risk to the Fund and its counterparties that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Fund’s IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available;
- Accounting risk if the Fund’s hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

The tables below show the Fund’s exposure to significant IBORs subject to reform that have yet to transition to the alternative interest rate benchmarks as at the current year end and the prior year end. The tables exclude exposures to IBOR that will expire before transition is required.

In millions of tenge	**USD Libor**	**31 December 2021**
Non-derivative financial liabilities	**43,295**	**43,295**
Borrowings	43,295	43,295

27. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Due to uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2021.

As at 31 December 2021, Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Fund's tax positions will be sustained, except as provided for or otherwise disclosed in these separate financial statements.

Legal proceedings

The proceedings initiated against Mr. Stati and his related parties on the suit of the Fund due to the arrest of shares KMG Kashagan B.V. belonging to the Fund

On 14 September 2017, the pre-judgement attachment in respect of the Fund's rights on management of 50% KMG Kashagan B.V. in amount of 5.2 billion US dollars, shares was imposed with regard to the decision of Amsterdam Court (the "Pre-judgement Attachment").

The named Pre-judgement Attachment was imposed as part of the claim for recognition and enforcement of arbitral award in Netherlands on the matter of Anatolie Stati, Gabriel Stati, Ascom Group SA and Terra Raf Trans Trading Ltd, against the Republic of Kazakhstan issued in 2013 by the Arbitration Tribunal at the Arbitration Institute of the Stockholm Chamber of Commerce.

On 14 July 2020, the Court of Appeal of Amsterdam decided to recognise in the Netherlands an arbitral award rendered in 2013 against the Republic of Kazakhstan, while rejecting Stathi's claim to enforce the award against the Fund.

On 18 December 2020, the Supreme Court quashed the decision of the Amsterdam Court of Appeal from 7 May 2019 to uphold the arrest.

On 17 March 2021, a hearing in the main proceedings was held.

On 28 April 2021, the Court of Appeal granted the Fund's request to postpone this process until the decision of the Court of Appeal in The Hague to appeal the restriction on shares of KMG Kashagan B.V.

The Court of Appeal in Hague started on 4 April 2022.

Currently, the Fund makes all necessary arrangements to protect its interest in accordance with the established procedure and will continue to defend its rights.

Commitments on secondary use of anti-crisis funds

As at 31 December 2021 Fund's commitments included commitments to finance the program "Nurly Zher" programme (formerly the Affordable Housing Programme 2020) in the amount of 3,241 million tenge and commitments to finance investment projects in the amount of 8,919 million tenge, including the following:

- Financing the implementation of the investment project "Construction of an integrated gas chemical complex in Atyrau region. The first Phase" in the amount of not greater than 8,063 million tenge;
- Financing of the project "Creation of a special economic zone "Taraz Chemical Park" in the amount of 201 million tenge;
- Financing the acquisition of three leased aircraft by QAZAQ AIR JSC in the amount of 655 million tenge.

28. SUBSEQUENT EVENTS

Change in investments

On 1 March 2022 the Fund made a cash contribution of 3,508 million tenge to the share capital of “Kazpost” JSC.

On 17 February 2022 the Fund concluded a settlement agreement with “Samruk-Kazyna Ondeu” LLP. According to agreement 49.5% share in “Kazakhstan Petrochemical Industries Inc.” LLP has been alienated against obligations on reducing the share capital of “Samruk-Kazyna Ondeu” LLP for the total amount of 88,649 million tenge. On 18 March 2022 the Fund’s ownership rights on 49.5% in “Kazakhstan Petrochemical Industries Inc.” LLP were registered.

On 7 April, 2022 the Fund made a cash contribution of 6,364 million tenge to the share capital of “Samruk-Kazyna Ondeu” LLP.

On 21 April, 2022 the Fund made a cash contribution of 2,475 million tenge to the share capital of “Kazakhstan Petrochemical Industries Inc.” LLP.

Borrowings

On 31 January 2022 the Fund made full early redemption of principal of loan from “Sberbank” JSC in the amount of 1.6 billion roubles (equivalent to 8,879 million tenge as of date of payment).

On 25 February 2022 the Fund made partial early redemption of principal of loan from “VTB Bank” (Kazakhstan) JSC in the amount of 21 million US dollars (equivalent to 9,280 million tenge as of date of payment).

On 28 February 2022 the Fund made full early redemption of principal of loan from “VTB Bank” (Kazakhstan) JSC in the amount of 3 billion roubles (equivalent to 14,700 million tenge as of date of payment).

On March 10, 2022 the Fund made full early redemption of principal of loan from “Sberbank” JSC in the amount of 20 million US dollars (equivalent to 10,200 million tenge as of date of payment).

State of emergency

On 2 January 2022, protests started in the Mangystau region of Kazakhstan related to the significant increase in the liquified natural gas retail price. These protests spread to other cities and resulted in riots, damage to property and loss of life. On 5 January 2022, the government declared a state of emergency.

As a result of the above protests and state of emergency, the President of Kazakhstan has made certain public announcements regarding possible measures, including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and the tenge exchange rate.

On 10 January 2022, the National Security Committee of Kazakhstan reported that the situation in the country had stabilized and was under control. On 19 January 2022, the state emergency was lifted.

According to the Order of the President of the Republic of Kazakhstan dated February 24, 2022, on the issues of reforming “SWF “Samruk-Kazyna” JSC, an action plan was adopted regarding personnel issues, ensuring social stability, procurement, combating corruption and compliance, privatization and business support for the period 2022-2027.

Other distributions to the Shareholder

On April 15, 2022, the Fund made a payment to finance projects aimed at the development of Kazakhstani professional sports and elite sports in the amount of 9,700 million tenge based on the order of the Shareholder.

Impact of sanction risks

In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions are intended to have a negative economic impact on the Russian Federation.

Due to the growth of geopolitical tensions since February 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant depreciation of the tenge against the US dollar and the euro.

The Fund regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence.

Currently, the Fund’s management is analyzing the possible impact of changing micro-and macroeconomic conditions on the Fund’s financial position and results of operations.