

**“Sovereign Wealth Fund “Samruk-Kazyna” JSC**

Separate financial statements

*For the year ended 31 December 2022,  
with independent auditor's report*

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Independent auditor’s report

**Separate financial statements**

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## Independent Auditor's Report

To the Shareholder, Board of Directors 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 2022, 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 2022 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.

### ***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 our 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 13* to the separate financial statements.

We obtained management's impairment analysis, including analysis of impairment indicators and impairment test models.

We involved our internal business 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 the impairment of investments in subsidiaries and joint ventures.

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 separate financial statements.

We assessed arithmetic accuracy of financial covenants calculations.

We analysed the forecast made in approved budgets as of 31 December 2022, to assess if a breach is likely to occur in the next 12 months, we obtained and analysed management's analysis for the potential impact on going concern.

We analysed communication with creditors in respect of compliance with covenants as at 31 December 2022.

We also analysed the information disclosed in the separate financial statements.

### ***Other information included in the Fund's 2022 Annual Report***

Other information consists of the information included in the Fund's 2022 Annual Report other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Fund's 2022 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 - 0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty  
Al - Farabi ave., 77/7, Esentai Tower

20 April 2023



Rustamzhan Sattarov  
General Director  
Ernst & Young LLP

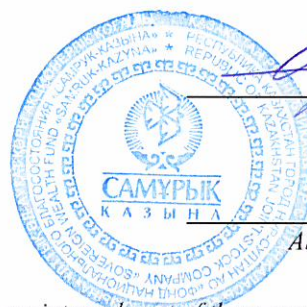
State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

**SEPARATE STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

<i>In millions of tenge</i>	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,865	10,434
Investment property		4,783	4,580
Intangible assets		799	830
Investments in subsidiaries	5	4,695,184	4,441,741
Investments in joint ventures	6	50,611	1,545,552
Loans issued and finance lease receivables	7	1,401,115	595,015
Amounts due from credit institutions	8	565,520	384,909
Other non-current financial assets		694	2,780
Other non-current assets	9	24,648	25,015
		<b>6,753,219</b>	<b>7,010,856</b>
<b>Current assets</b>			
Income tax prepaid		13,810	1,930
Loans issued and finance lease receivables	7	151,285	146,406
Amounts due from credit institutions	8	227,886	23,743
Other current assets	10	208,656	60,143
Cash and cash equivalents	11	621,278	392,967
		<b>1,222,915</b>	<b>625,189</b>
<b>Total assets</b>		<b>7,976,134</b>	<b>7,636,045</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	5,268,819	5,268,580
Revaluation reserve of investments at fair value through other comprehensive income		(1,472)	(1,472)
Retained earnings		1,229,391	581,545
<b>Total equity</b>		<b>6,496,738</b>	<b>5,848,653</b>
<b>Non-current liabilities</b>			
Borrowings	13	365,169	618,664
Loans from the Government of the Republic of Kazakhstan	14	679,844	569,105
Financial guarantee liabilities	16	–	48,393
		<b>1,045,013</b>	<b>1,236,162</b>
<b>Current liabilities</b>			
Borrowings	13	220,016	480,350
Loans from the Government of the Republic of Kazakhstan	14	3,760	10,264
Financial guarantee liabilities	16	80,419	5,195
Other current liabilities	15	130,188	55,421
		<b>434,383</b>	<b>551,230</b>
<b>Total liabilities</b>		<b>1,479,396</b>	<b>1,787,392</b>
<b>Total equity and liabilities</b>		<b>7,976,134</b>	<b>7,636,045</b>

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



*Nazira Nurbayeva*

Chief accountant

*Almaz Abarakhmanova*

*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 2022**

<i>In millions of tenge</i>	Notes	2022	2021
Interest income	17	108,307	84,039
Interest expense	18	(63,728)	(63,725)
Dividend income	19	757,714	254,888
<b>Net interest income and dividend income</b>		<b>802,293</b>	<b>275,202</b>
General and administrative expenses	20	(20,873)	(24,419)
Finance income	21	64,154	28,152
Finance expenses	22	(61,365)	(49,520)
Gain on disposal of share in subsidiary	5	98,353	-
Gain on disposal of investment in joint venture	23	297,528	-
Loss on impairment of investments in subsidiary	5	(232,463)	(12,200)
Gain from reversal of impairment reserve of other non-current assets	9	1,851	-
Reversal/(accrual) of expected credit losses		31,785	(270)
Foreign exchange (loss)/income, net		(10,782)	36
Other income		905	2,742
Other expense		(2,311)	(453)
<b>Profit before income tax</b>		<b>969,075</b>	<b>219,270</b>
Income tax expense	24	(17,444)	(2,941)
<b>Net profit for the year</b>		<b>951,631</b>	<b>216,329</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>951,631</b>	<b>216,329</b>
<b>Earning per share</b>			
Basic and diluted net profit for the period per share (tenge)	12	273.30	62.13

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



*Nazira Nurbayeva*

Chief accountant

*Almaz Abdрахmanova*



**SEPARATE STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

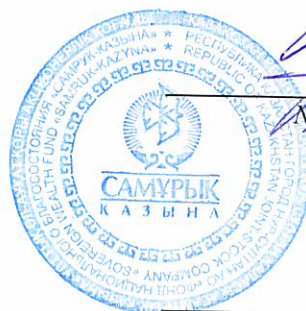
<i>In millions of tenge</i>	Notes	2022	2021
<b>Cash flows from operating activities</b>			
Dividend received	19	478,068	253,502
Proceeds from borrowings	13	23,605	43,151
Repayment of loans issued		89,750	26,620
Redemption of amounts due from credit institutions, net		6,691	40,029
Proceeds of loans from the Government	14	162,859	–
Redemption of loans received from the Government	14	(10,639)	(33,896)
Loans given to subsidiaries		(30,488)	(3,706)
Proceeds from redemption of bonds issued by subsidiaries		68,685	–
Purchase of bonds, issued by subsidiaries		(1,360,708)	–
Payments to suppliers		(6,217)	(8,009)
Payroll payments		(3,455)	(3,646)
Sponsorship		(9,856)	(7,137)
Corporate income tax		(24,000)	–
Withholding tax	24	(5,046)	(2,941)
Other taxes and payments		(3,937)	(3,794)
Interest received		106,623	64,148
Interest paid	13, 14	(56,454)	(52,281)
Other cash receipts		5,211	4,079
<b>Net cash flows (used in)/received from operating activities</b>		<b>(569,308)</b>	<b>316,119</b>
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits		16,560	86
Placement of bank deposits		(416,546)	–
Contributions to share capital of subsidiaries		(79,699)	(86,801)
Contributions to share capital of joint venture	5	(2,475)	–
Proceeds from the sale of property, plant and equipment		12	14
Proceeds from the sale of other long-term assets		1,873	1,627
Proceeds from redemption of bonds issued by second-tier banks		9,373	–
Proceeds from redemption of bonds issued by subsidiaries		–	12,685
Dividend from joint venture	19	263,670	–
Proceeds from sale of joint venture	6	1,198,317	–
Proceeds from redemption of notes of National Bank of Republic of Kazakhstan		637,674	274,237
Purchase of property, plant and equipment		(91)	(410)
Purchase of intangible assets		(291)	(156)
Purchase of debt instruments, issued by subsidiaries		–	(26,230)
Purchase of notes of National Bank of Republic of Kazakhstan		(606,040)	(326,184)
Proceeds from decrease in share capital of subsidiaries		–	8,564
<b>Net cash flows received from/(used in) investing activities</b>		<b>1,022,337</b>	<b>(142,568)</b>

*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)**

<i>In millions of tenge</i>	Notes	2022	2021
<b>Cash flows from financing activities</b>			
Contributions to the share capital	12	–	9,923
Distributions to the Shareholder	15	(129,827)	(67,097)
Dividends paid to the Shareholder	12	(170,024)	(88,337)
Proceeds from borrowings	13	9,799	116,282
Repayment of borrowings	13	(95,146)	(312,303)
Proceeds on disposal of partial interest in a subsidiary without loss of control	5	153,860	–
Proceeds from bonds issued	13	–	211,271
Repayment of Government loans	14	(137)	(558)
Other cash receipts		22	62
Other cash payments		(2,784)	–
<b>Net cash flows used in financing activities</b>		<b>(234,237)</b>	<b>(130,757)</b>
<b>Net increase in cash and cash equivalents</b>		<b>218,792</b>	<b>42,794</b>
Effect of changes in exchange rates on cash and cash equivalents		9,468	6,021
Change in allowance for expected credit losses		51	(140)
Cash and cash equivalents, at the beginning of the year		392,967	344,292
<b>Cash and cash equivalents, at the end of the year</b>		<b>621,278</b>	<b>392,967</b>

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



*Nazira Nurbayeva*

Chief accountant

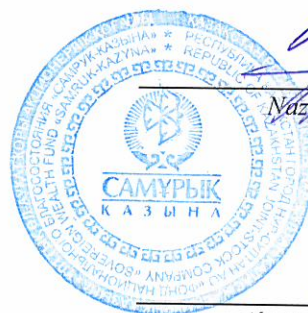
*Almaz Abdrakhmanova*

**SEPARATE STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2022

<i>In millions of tenge</i>	Notes	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Retained earnings	Total
<b>Balance as at 31 December 2020</b>		5,258,657	(1,472)	519,489	5,776,674
Net profit for the year		-	-	216,329	216,329
<b>Total comprehensive income for the year</b>		-	-	216,329	216,329
Issue of shares	12	9,923	-	-	9,923
Discount on loans from the Government	12	-	-	(278)	(278)
Dividends	12	-	-	(88,337)	(88,337)
Other distributions to the Shareholder	12	-	-	(65,497)	(65,497)
Assets for distribution to Shareholder	12	-	-	(161)	(161)
<b>Balance as at 31 December 2021</b>		<b>5,268,580</b>	<b>(1,472)</b>	<b>581,545</b>	<b>5,848,653</b>
Net profit for the year		-	-	951,631	951,631
<b>Total comprehensive income for the year</b>		-	-	951,631	951,631
Issue of shares	12	239	-	-	239
Discount on loans from the Government	12	-	-	68,684	68,684
Dividends	12	-	-	(170,024)	(170,024)
Other distributions to the Shareholder	12	-	-	(202,445)	(202,445)
<b>Balance as at 31 December 2022</b>		<b>5,268,819</b>	<b>(1,472)</b>	<b>1,229,391</b>	<b>6,496,738</b>

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



*Nazifa Nurbayeva*

Chief accountant

*Almaz Abdрахманова*

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****For the year ended 31 December 2022**

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**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., Astana, 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 20 April 2023.

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 20 April 2023.

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**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 2022 the currency exchange rate of KASE was 462.65 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as at 31 December 2022 (as at 31 December 2021: 431.8 tenge to 1 US dollar). The currency exchange rate of KASE as at 20 April 2023 was 455.63 tenge to 1 US dollar. For the year ended December 31, 2022 the Fund had foreign exchange loss of 268,897 million tenge and foreign exchange gain of 258,115 million tenge, due to fluctuations in foreign exchange rates to tenge.

**The war in Ukraine**

The war in Ukraine, which began in 2022, has resulted in a number of IFRS accounting pronouncements affecting financial reporting.

Many countries have already imposed and continue to impose new sanctions on certain Russian entities and Russian citizens. The situation itself, as well as potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services and access to local resources have directly affected the significant volumes of operations within the CIS.

Management is unable to predict either the extent or duration of developments in the Kazakhstani economy or assess their potential impact on the Group’s future financial position. Management believes that it, in the normal course of its business, regularly takes all available measures to prevent cooperation with companies on the sanctions lists of the European Union, the Office of Foreign Assets Control (OFAC) and any other applicable sanctions.

**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 2022, but which do not have any impact on the separate financial statements of the Fund:

*Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases.*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the separate financial statements of the Fund as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

*IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities.*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no impact on the separate financial statements of the Fund as there were no modifications of the Fund’s financial instruments during the period.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New standards, interpretations and amendments to current standards and clarifications (continued)***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37.*

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the separate financial statements of the Fund as there were no onerous contracts identified.

**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*;
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Tax Related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12;
- Disclosure of accounting Policies – Amendments to IAS 1 and IFRS Practise Statement 2;
- New Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Investments in subsidiaries, joint ventures and associates (continued)**

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.

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial assets (continued)***Subsequent measurement (continued)**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.

*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.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial assets (continued)*****Impairment of financial assets (continued)***

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.

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial liabilities (continued)***Subsequent measurement (continued)*

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.

*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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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.

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

- Its carrying 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.

**Income and expense 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.

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Income and expense recognition (continued)***Interest and finance income and expenses*

Interest income and expenses on financial instruments, issued and received in the framework of achieving the goal, fulfilling the tasks and carrying out the core activities of the Fund is disclosed as interest income and expense. All other interest income and expense not related to the core activities of the Fund are disclosed in finance income and expenses. Finance income includes interest on current bank accounts, bank deposits, financial guarantees, repo transactions and notes of the National Bank of the Republic of Kazakhstan, etc. Finance expenses include amortization of discount on loans received, costs associated with attracting and servicing borrowed funds internally and externally, including interest expenses and other similar expenses.

Interest and finance income and expense is recognized using the effective interest method. 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.

*Dividends*

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

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**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 1,676 million tenge as at 31 December 2022 (as at 31 December 2021: 55,564 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)**

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**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 2022.

Due to existing impairment indicators, the Fund performed an impairment test for investment at 31 December 2022. 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 4.00% (31 December 2021: 3.09%) and a discount rate of 12.36% (31 December 2021: 10.86%).

As at 31 December 2022 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:

- *Growth rate* - decrease of the growth rate from 4% to 2,5%;
- *Discount rate (WACC)* – an increase of the discount rate from 12.36% to 13.36%.

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 2022.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**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 2022. 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 13.00% was used in calculations (31 December 2021: 12.40%). As a result of this analysis, as at 31 December 2022, no impairment was identified. Increase in WACC for 1.00% 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 Odeu” LLP*

The Management of the Fund performed analysis of impairment indicators of the investments in Samruk-Kazyna Odeu. Based on performed analysis it was identified that carrying amount of the investments in Samruk-Kazyna Odeu was higher than net assets of Samruk-Kazyna Odeu as at 31 December 2022.

Due to existing impairment indicators of investments in Samruk-Kazyna Odeu, the Fund performed an impairment test as at 31 December 2022. Recoverable amount of investments in Samruk-Kazyna Odeu was determined using amount of its net assets.

Based on the assessment of recoverable amount of investments as of 31 December 2022 impairment was identified and the Fund recognized an impairment loss on investments in the amount of 216,396 million tenge in the separate statement of comprehensive income (*Note 5*).

*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 2022.

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 2022. 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.

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% (31 December 2021: 4.5%) and a discount rate of 14.26% (31 December 2021: 11.88%).

Based on the assessment of recoverable amount of investments as of 31 December 2022 no impairment was identified.

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:

- *Growth rate* - decrease of the growth rate from 4.5% to 0.5%;
- *Discount rate (WACC)* – an increase of the discount rate from 14.26% to 15.76%.

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.

## **NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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

#### **Impairment of investments in subsidiaries and joint ventures (continued)**

##### *Impairment of investments in “Samruk-Kazyna-Invest” JSC (“SKI”)*

The Management of the Fund performed analysis of impairment indicators of the investments in “SKI”. Based on performed analysis it was identified that carrying amount of the investments in “SKI” was higher than net assets of “SKI” as at 31 December 2022.

Due to existing impairment indicators of investments in “SKI”, the Fund performed an impairment test as at 31 December 2022. Recoverable amount of investments in “SKI” was determined using value in use method.

The forecast of financial flows in the financial models for impairment are based on valuation data of project companies, the authorized capital of SKI portfolio companies, as well as the share according to market quotations of the listed company Sekerbank T.A.S. and portfolio investments of “Bolashaq Investments LTD”.

Based on the assessment of recoverable amount of investments as of 31 December 2022 impairment was identified and the Fund recognized an impairment loss on investments in the amount of 16,067 million tenge in the separate statement of comprehensive income (*Note 5*).



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**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:

<i>In millions of tenge</i>	<b>Activity</b>	<b>Country</b>	<b>31 December 2022</b>	31 December 2021	<b>Ownership</b>	
					<b>31 December 2022</b>	31 December 2021
“National company “Kazakhstan Temir Zholy” JSC	Passenger and cargo transportation	Kazakhstan	<b>1,612,899</b>	1,494,701	<b>100.00%</b>	100.00%
“National company “KazMunayGas” JSC	Exploration, production, processing and transportation of oil and gas	Kazakhstan	<b>1,536,365</b>	1,187,621	<b>87.42%</b>	90.42%
“Samruk-Kazyna Odeu” LLP	Development and implementation of projects in the chemical industry	Kazakhstan	<b>465,221</b>	531,291	<b>100.00%</b>	100.00%
“Samruk-Energy” JSC	Electricity and heat production	Kazakhstan	<b>458,519</b>	456,033	<b>100.00%</b>	100.00%
“National Mining Company “Tau-Ken Samruk” JSC	Exploration, mining and processing of solid minerals	Kazakhstan	<b>295,764</b>	293,333	<b>100.00%</b>	100.00%
“Kazakhstan Electricity Grid Operating Company” (“KEGOC”) JSC	Electricity transmission services	Kazakhstan	<b>120,648</b>	120,648	<b>90.00% + 1</b>	90.00% + 1
“National Atomic Company “KazAtomProm” JSC	Production and mining of uranium, rare metals	Kazakhstan	<b>110,608</b>	110,608	<b>75.00%</b>	75.00%
“Kazakhtelecom” JSC	Telecommunication services	Kazakhstan	<b>93,212</b>	93,212	<b>52.03%</b>	52.03%
“Samruk-Kazyna Invest” LLP	Investments	Kazakhstan	<b>78,129</b>	68,517	<b>100.00%</b>	100.00%
“Kazpost” JSC	Postal and financial activities	Kazakhstan	<b>53,745</b>	42,902	<b>100.00%</b>	100.00%
“QAZAQ AIR” JSC	Air transportation	Kazakhstan	<b>46,147</b>	12,200	<b>100.00%</b>	100.00%
“Samruk-Kazyna Construction” JSC	Construction and real estate management	Kazakhstan	<b>31,849</b>	31,849	<b>100.00%</b>	100.00%
“National company “QazaqGaz” JSC	Exploration, production, transportation, sale and storage of natural gas and gas condensate	Kazakhstan	<b>13,179</b>	–	<b>100.00%</b>	100.00%
“CCGT Turkistan” LLP	Transmission, distribution and sale of electricity	Kazakhstan	<b>11,790</b>	–	<b>100.00%</b>	–
“Air Astana” JSC	Air transportation	Kazakhstan	<b>7,276</b>	7,276	<b>51.00%</b>	51.00%
“Samruk-Kazyna Business Service” LLP	Transformation services, information and IT services	Kazakhstan	<b>2,692</b>	2,606	<b>100.00%</b>	100.00%
“Kazakhstan atomic electricity stations” JSC	Realization the construction projects of nuclear power plants	Kazakhstan	<b>1,633</b>	1,123	<b>100.00%</b>	100.00%
Center for Scientific and Technological Initiatives “Samgau” Foundation	Institutional service for innovative technologies, other research and experimental developments in the natural and technical sciences	Kazakhstan	<b>150</b>	–	<b>100.00%</b>	–
“Samruk-Kazyna Contract” LLP	Procurement activities	Kazakhstan	<b>21</b>	21	<b>100.00%</b>	100.00%
Less: allowance on impairment			<b>(244,663)</b>	(12,200)		
			<b>4,695,184</b>	4,441,741		

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**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 2022, the Fund made a property contribution with a carrying value of 239 million tenge to the authorized capital of JSC “National company “Kazakhstan Temir Zholy” and increased its investment accordingly.

Also, the Fund purchased bonds issued by “National company “Kazakhstan Temir Zholy” JSC in the amount of 883 million US dollars (equivalent to 410,903 million tenge) and 162,859 million tenge with an interest rate below the market. The differences between the fair value of these bonds at the issuance date and the nominal value of bonds in the amount of 107 million US dollars (equivalent to 49,197 million tenge) and 68,762 million tenge, respectively, were recognized as an increase in investments (*Note 7*).

*“National company “KazMunayGas” JSC*

In 2022 the Fund purchased bonds issued by “National company “KazMunayGas” JSC in the amount 751,631 million tenge with an interest rate below the market, a discount of which in the amount of 380,477 million tenge, calculated as the difference between the fair value at the date of issue of this bond and its nominal value, was recognized as an increase in investments (*Note 7*).

Also, the Fund recognized additional liabilities under the issued financial guarantee in the amount of 15,228 million tenge with respect to additional tranches of the loan received from the China Development Bank by “Kazakhstan Petrochemical Industries Inc.” LLP, a joint venture of “National company “KazMunayGas” JSC.

As part of the Comprehensive Privatization Plan for 2021-2025, the Fund through an IPO sold 3% of “National company “KazMunayGas” JSC shares on the Astana International Financial Center Exchange and on the Kazakhstan Stock Exchange for total consideration of 153,860 million tenge. As a result of the transaction, the Fund recognized the disposal of an interest in a subsidiary at its carrying amount of 52,721 million tenge, gain on disposal of an interest in a subsidiary, net of commission costs, in the amount of 98,353 million tenge in the separate statement of comprehensive income.

Also, the Fund recognized discount on account receivable from sale of “KMG Kashagan B.V.” PLLC shares in the amount of 5,760 million tenge, calculated as the difference between the fair and nominal value of the account receivable on the date of sale, as an increase in investments.

*“Samruk-Kazyna Ondeu” LLP*

On December 23, 2021, the Management Board of the Fund approved the decrease in the authorized capital of “Samruk-Kazyna Ondeu” LLP for a total amount of 199,600 million tenge, of which 88,649 million tenge are to be returned to the Fund, the remaining part in the amount of 110,951 million tenge should remain within “Samruk-Kazyna Ondeu” LLP.

On February 17, 2022 the Fund entered into agreement with “Samruk-Kazyna Ondeu” LLP on transfer of 49.5% share in “Kazakhstan Petrochemical Industries Inc.” LLP (“KPI”), a subsidiary of “Samruk-Kazyna Ondeu” LLP, for the total amount of 88,649 million tenge towards the amounts to be returned to the Fund as a result of decrease in the authorized capital of “Samruk-Kazyna Ondeu” LLP. Following the registration of the ownership rights over 49.5% share in KPI on March 18, 2022, the Fund reduced its carrying amount of investments in “Samruk-Kazyna Ondeu” LLP by 88,649 million tenge and recognized investment in KPI for the respective amount.

As at 30 June 2022, Fund performed impairment test in investment of “Samruk-Kazyna Ondeu” LLP, as a result no impairment has been identified.

In 2022 Fund made cash contribution to KPI in the amount of 2,475 million tenge, and recognized additional liabilities under the issued financial guarantee in the amount of 841 million tenge on the loan received by KPI from the China Development Bank, and recognized respective increase in investments.

On June 13, 2022 the 49.5% share in KPI has been realized to “National company “KazMunayGas” JSC for the fair value of consideration of 91,175 million tenge. The amount due from sale of share in KPI was partially offset against the loan received from “National company “KazMunayGas” JSC (*Note 13*). As a result of this transaction, Fund recognized loss on disposal of investment in KPI in the amount of 790 million tenge in the separate statement of comprehensive income (*Note 21*).

In 2022, the Fund made cash contribution to “Samruk-Kazyna Ondeu” LLP in the amount of 6,467 million tenge.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**5. INVESTMENTS IN SUBSIDIARIES (continued)****Changes in investments in subsidiaries (continued)***“Samruk-Kazyna Odeu” LLP (continued)*

In 2022 the Fund entered into additional agreement with “Samruk-Kazyna Odeu” LLP on prolongation of the loan agreement, and recognized the difference between the fair value and nominal value of the loan amounting to 1,421 million tenge as an increase of investment in “Samruk-Kazyna Odeu” LLP (*Note 7*).

During 2022 the Fund recognized additional liabilities under the issued financial guarantee in the amount of 14,691 million tenge on the loan received by KPI from China Development Bank and respective increase in investments.

As a result of performed impairment test as at December 31, 2022, the Fund recognised an investment impairment loss of 216,396 million tenge in the separate statement of comprehensive income (*Note 4*).

*“Samruk-Energy” JSC*

On 20 December 2022, the Fund made a cash contribution to the authorized capital of “Samruk-Energy” JSC in the amount of 2,486 million tenge.

*“Samruk-Kazyna Invest” LLP*

On 20 December 2022, the Fund acquired bonds issued by subsidiary of “Samruk-Kazyna Invest” LLP in the amount of 35,316 million tenge with an interest rate below market, the difference between the fair value and nominal value of the bonds at the issuance date was recognized as an increase in investment of 9,286 million tenge.

In 2022, the Fund made cash contribution to the authorized capital of “Samruk-Kazyna Invest” LLP in the amount of 326 million tenge.

As a result of performed impairment test, the Fund recognised an investment impairment loss of 16,067 million tenge in the separate statement of comprehensive income (*Note 4*).

*“Kazpost” JSC*

In 2022, the Fund made a cash contribution to the authorized capital of “Kazpost” JSC in the amount of 10,843 million tenge.

*“QAZAQ AIR” JSC*

On 20 September 2022, the Fund made a cash contribution to the authorized capital of “QAZAQ AIR” JSC in the amount of 33,947 million tenge.

*“National company “QazaqGaz.” JSC*

In 2022, the Fund made a cash contribution to the authorized capital of “National company “QazaqGaz” JSC in the amount of 13,179 million tenge.

*“CCGT Turkistan” LLP*

On October 28, 2021, the Fund and “Samruk-Kazyna Odeu” LLP concluded purchase-sale agreement on 50% share in share capital of “CCGT Turkistan” LLP for the total consideration of 80,000 tenge. On January 21, 2022, the reregistration of right and transfer of share was completed. The Fund recognized investment in joint venture in “CCGT Turkistan” LLP for the respective amount.

On September 12, 2022, the Fund and “National company “QazaqGaz” JSC concluded purchase-sale agreement on another 50% share in share capital of “CCGT Turkistan” LLP for the total consideration of 80,000 tenge. The Fund received control over “CCGT Turkistan” LLP and made reclassification from investment in joint venture to investments in subsidiaries. On 8 November 2022, the Fund made a cash contribution to the authorized capital of “CCGT Turkistan” LLP JSC in the amount of 11,790 million tenge.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****5. INVESTMENTS IN SUBSIDIARIES (continued)****Changes in investments in subsidiaries (continued)***Center for Scientific and Technological Initiatives “Samgau” Fund*

On April 18, 2022, Private company “Center for Scientific and Technological Initiatives Ltd”, a new subsidiary of the Fund, was registered in the Astana International Financial Centre, the main activities of which are institutional services for innovative technologies, other research and experimental developments in the natural and technical sciences. In December 2022, the company was restructured and renamed to Center for Scientific and Technological Initiatives “Samgau” Fund. In 2022 the Fund made cash contribution to the authorized capital of Center for Scientific and Technological Initiatives “Samgau” Fund in the amount of 150 million tenge.

**6. INVESTMENTS IN JOINT VENTURES**

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

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
“AstanaGas KMG” JSC	<b>43,695</b>	43,695
“Stantsiya Ekibastuzskaya GRES-2” JSC	<b>16,390</b>	16,390
“KMG Kashagan B.V.” PLLC	-	1,494,941
Less: allowance on impairment	<b>(9,474)</b>	(9,474)
	<b>50,611</b>	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:

<b>Company</b>	<b>Activity</b>	<b>Country</b>	<b>Ownership</b>	
			<b>31 December 2022</b>	31 December 2021
“AstanaGas KMG” JSC	Gas pipeline construction Production, transmission	Kazakhstan	<b>50%</b>	50%
“Stantsiya Ekibastuzskaya GRES-2” JSC	and distribution of electric energy	Kazakhstan	<b>50%</b>	50%
“KMG Kashagan B.V.” PLLC	Oil and gas industry	Netherlands	-	50%

On September 15, 2022, based on amendment to share option agreement and exercise of option (further Amendment Agreement) dated September 14, 2022 the Fund sold its 50% share in “KMG Kashagan B.V.” PLLC to Cooperative KazMunayGaz U.A (subsidiary of “National company “KazMunayGas” JSC) for consideration of 3,782 million US dollars (equivalent to 1,793,259 million tenge on the date of loss of control). As a result of the transaction, the Fund recognized the disposal of an investment in a joint venture in the amount of 1,494,941 million tenge, with a gain on disposal of an interest in a joint venture in the amount of 298,318 million tenge on the date of loss of control in the separate statement of comprehensive income (*Note 23*).

Amendment Agreement and Agreement on Transfer of Debt and Set-Off dated 14 September 2022 between the Fund, “National company “KazMunayGas” JSC and Cooperative KazMunayGaz U.A determine the following way for consideration payment:

- The amount of 2,476.3 million US dollars to be converted at the agreed exchange rate of 475.00 tenge to 1 US dollar for subsequently setting off a part of the amount against the loan from the “National company “KazMunayGas” JSC for 424,587 million tenge, and receiving the rest of the amount by the Fund from the proceeds of the sale of “National company “KazMunayGas” JSC bonds for 751,631 million tenge to the Fund (*Notes 13 and 7*);
- The amount of 566.7 million US dollars to be paid by Cooperative KazMunayGaz U.A within 10 business days after the completion of the deal (paid as at December 31, 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.1 million US dollars to be paid by Cooperative KazMunayGaz U.A until December 31, 2022 (paid as at December 31, 2022; equivalent to 175,654 million tenge per exchange rate at the date of payment) and the amount of 363.6 million US dollars to be paid by 30 June 2023 (as at December 31, 2022: 164,685 million tenge) (*Notes 10*).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**6. INVESTMENTS IN JOINT VENTURES (continued)**

Part of funds received from Cooperative KazmunaiGaz U.A was used to purchase bonds of “National company “Kazakhstan Temir Zholy” JSC with a face value of 883 million US dollars (equivalent to 410,903 million tenge) (Note 7).

**7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES**

As at 31 December loans issued carried at amortized cost and finance lease receivables comprised the following:

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
<b>Loans issued to subsidiaries</b>	<b>338,154</b>	372,218
“Samruk-Energy” JSC	<b>94,249</b>	91,686
“National company “Kazakhstan Temir Zholy” JSC	<b>87,058</b>	85,227
“Samruk-Kazyna Construction” JSC	<b>59,082</b>	67,436
“Samruk-Kazyna Ondeu” LLP	<b>58,902</b>	56,258
“QAZAQ AIR” JSC	<b>33,698</b>	64,725
Other	<b>5,165</b>	6,886
<b>Loans issued to third parties and related parties</b>	<b>14,070</b>	15,033
“Doszhan Temir Zholy” JSC	<b>6,138</b>	6,600
“National company “Kazakhstan Engineering” JSC	<b>4,445</b>	4,946
Other	<b>3,487</b>	3,487
<b>Bonds issued by subsidiaries</b>	<b>1,071,202</b>	262,349
“National company “Kazakhstan Temir Zholy” JSC	<b>502,848</b>	46,035
National Company “KazMunayGas” JSC	<b>374,608</b>	–
“Kazakhtelecom” JSC	<b>41,000</b>	75,000
“Atyrau Oil Refinery” LLP	<b>33,588</b>	32,385
“Samruk-Kazyna Construction” JSC	<b>12,860</b>	11,520
Other	<b>106,298</b>	97,409
<b>Bonds issued by third parties and related parties</b>	<b>119,144</b>	113,058
“NMH Baiterek” JSC	<b>74,566</b>	68,793
“Baiterek Venture Fund” JSC	<b>40,150</b>	40,150
Other	<b>4,428</b>	4,115
<b>Interest receivable</b>	<b>16,722</b>	18,957
Less: allowance for expected credit losses	<b>(10,069)</b>	(45,329)
<b>Total loans issued</b>	<b>1,549,223</b>	736,286
Finance lease receivables	<b>3,177</b>	5,135
<b>Total loans issued and finance lease receivables</b>	<b>1,552,400</b>	741,421
Less: current portion	<b>(151,285)</b>	(146,406)
<b>Non-current portion</b>	<b>1,401,115</b>	595,015

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

<i>In millions of tenge</i>	<b>2022</b>		
	<b>Gross carrying amount</b>	<b>Allowance for expected credit losses</b>	<b>ECL coverage</b>
Stage 1	1,518,775	(3,004)	0.20%
Stage 2	33,698	(246)	0.73%
Stage 3	6,819	(6,819)	100%
	<b>1,559,292</b>	<b>(10,069)</b>	<b>0.65%</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES (continued)**

<i>In millions of tenge</i>	Gross carrying amount	2021 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%
	<b>781,616</b>	<b>(45,329)</b>	<b>5.80%</b>

<i>In millions of tenge</i>	31 December 2022	31 December 2021
Loans issued and finance lease receivables in tenge	1,042,995	606,060
Loans issued in US dollars	496,240	123,560
Loans issued in other foreign currencies	13,165	11,801
	<b>1,552,400</b>	<b>741,421</b>

As at 31 December 2022, effective interest rate for loans issued in tenge was from 0.1% to 14.50% per annum (31 December 2021: from 0.1% to 11.50%), for loans issued in US dollars was from 5% to 11.00% per annum (31 December 2021: from 5.00% to 9.00%). The maturity of loans issued was from September 2023 to November 2062 (31 December 2021: from January 2022 to November 2062).

**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” with a maturity date of 5 September 2032 and an 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 2022, SKC partially repaid loans of 4,722 million tenge (2021: 12,485 million tenge).

As at 31 December 2022, the total carrying amount of the principal and interest receivable on all loans issued to SKC amounted to 59,082 million tenge (as of 31 December 2021: 67,436 million tenge).

*“QAZAQ AIR” JSC*

On 20 September 2022 “QAZAQ AIR” fully repaid two loans for the total amount of 33,932 million tenge.

As of 31 December 2022, the total carrying amount of principal and interest receivable on all loans issued by “QAZAQ AIR” JSC was 33,698 million tenge (as of 31 December 2021: 64,738 million tenge).

*“Samruk-Kazyna Ondeu” LLP*

In 2022, Fund concluded additional addendum to the loan agreement with “Samruk-Kazyna Ondeu” LLP dated December 15, 2017 on prolongation of the grace period to December 31, 2023. The difference between the nominal value and the fair value of the loan at the date of modification in the amount of 1,421 million tenge was recognized as an increase in investments in a subsidiary (*Note 5*).

As of 31 December 2022, the total carrying amount of the principal debt and interest receivable for all loans issued by “Samruk-Kazyna Ondeu” LLP was 58,943 million tenge (as of 31 December 2021: 56,295 million tenge).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES (continued)****Change in bonds issued by subsidiaries***National Company “KazMunayGas” JSC*

In 2022, the Fund and National Company “KazMunayGas” JSC entered into a bond purchase-sale agreement, according to which on September 16, 2022, the Fund purchased bonds in the amount of 751,631 million tenge with a maturity of 13 years and 1 month and an interest rate of 3%. The difference between the nominal and fair value of the bonds at the date of purchase in the amount of 380,477 million tenge was recognized as an increase in the investment in National Company “KazMunayGas” JSC (*Note 5*). The fair value of the bonds was determined using market interest rate of 14.5% per annum at the date of bond placement.

As of 31 December 2022, the total carrying amount of the principal debt and interest receivable was 379,306 million tenge.

*“National company “Kazakhstan Temir Zholy” JSC*

On October 27, 2022, the Fund purchased bonds issued by “National company “Kazakhstan Temir Zholy” JSC in the amount of 883 million US dollars (equivalent to 410,903 million tenge) with a maturity of 3 years and an interest rate of 2%. The difference between the nominal and fair value of the bonds at the date of purchase in the amount of 107 million US dollars (equivalent to 49,197 million tenge) was recognized as an increase in the investment of “National company “Kazakhstan Temir Zholy” JSC (*Note 5*). The fair value of the bonds was determined using market interest rate of 6.6% per annum at the date of bond placement.

On December 30, 2022, the Fund purchased bonds issued by “National company “Kazakhstan Temir Zholy” JSC in the amount of 162,859 million tenge with a maturity of 20 years and an interest rate of 7.37%. The difference between the nominal and fair value of the bonds at the date of purchase in the amount of 68,762 million tenge was recognized as an increase in the investment of “National company “Kazakhstan Temir Zholy” JSC (*Note 5*). The fair value of the bonds was determined using market interest rate of 13.99% per annum at the date of bond placement.

As at 31 December 2022, the total carrying amount of principal and interest was 505,752 million tenge (as of 31 December 2021: 47,510 million tenge).

*“Kazakhtelecom” JSC*

On 10 October 2022 “Kazakhtelecom” JSC made partial repayments of the bond in the amount of 34,000 million tenge. As at 31 December 2022, the total carrying amount of principal and interest was 42,572 million tenge (as of 31 December 2021: 77,875 million tenge).

**8. AMOUNTS DUE FROM CREDIT INSTITUTIONS**

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

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
10 largest local banks	<b>776,813</b>	381,543
Other local credit institutions	<b>21,422</b>	30,588
Interest accrued	<b>2,377</b>	2,207
Less: allowance for expected credit losses	<b>(7,206)</b>	(5,686)
<b>Total amounts due from credit institutions</b>	<b>793,406</b>	408,652
Less: current portion	<b>(227,886)</b>	(23,743)
<b>Non-current portion</b>	<b>565,520</b>	384,909
<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Rating from BBB+(Baa1) to BBB(Baa2)	<b>400,384</b>	–
Rating from BBB-(Baa3) to BB-(Ba3)	<b>54,006</b>	67,996
Rating from B+(B1) to B-(B3)	<b>346,222</b>	346,342
Less: allowance for expected credit losses	<b>(7,206)</b>	(5,686)
	<b>793,406</b>	408,652

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)**

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

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Amounts due from credit institutions, in tenge	<b>793,274</b>	400,077
Amounts due from credit institutions, in US dollars	<b>132</b>	8,575
	<b>793,406</b>	408,652

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:

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Bank deposits placed under the policy of temporary available cash	<b>400,516</b>	–
Bonds placed with second-tier banks	<b>332,482</b>	330,753
Funds for financing activities within the framework approved by the Government	<b>67,614</b>	83,585
Less: allowance for expected credit losses	<b>(7,206)</b>	(5,686)
<b>Total amounts due from credit institutions</b>	<b>793,406</b>	408,652
Less: current portion	<b>(227,886)</b>	(23,743)
<b>Non-current portion</b>	<b>565,520</b>	384,909

**Bank deposits placed under the policy of temporary available cash**

As at 31 December 2022, effective interest rate for bank deposits placed under the policy of temporary available cash was 10% per annum in tenge and 1% per annum in US dollars, the maturity was from July 2023 to February 2024.

**Bonds placed with second-tier banks**

As at 31 December 2022, effective interest rate for bonds placed with second tier banks was from 8.46% to 12.33% per annum (31 December 2021: from 8.46% to 12.33%), the maturity was from December 2024 to November 2035 (31 December 2021: 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 2022 amounts placed with banks and other financial organizations, for purposes of financing Government approved 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 (2021: 19,416 million tenge). Interest on this loan was charged 5.5% per annum;
- “Development Bank of Kazakhstan” JSC, to decrease financing costs of investment projects in priority segments of economy of 1,870 million tenge respectively (2021: 2,081 million tenge). Interest on the loans was charged at rate 0.2% per annum;
- To the commercial banks for refinancing mortgage loans and student loans, construction of housing in Astana and Almaty in the amount of 44,553 million tenge and 1,774 million tenge respectively (2021: 51,415 million tenge and 1,772 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.

As of 31 December 2022 and 2021, the Fund had no overdue funds with credit institutions.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****9. OTHER NON-CURRENT ASSETS**

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

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Assets to be transferred	<b>24,611</b>	24,611
SAP licenses	<b>8,256</b>	10,409
Other	<b>9</b>	74
Less: provision for impairment	<b>(8,228)</b>	(10,079)
	<b>24,648</b>	25,015

**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.

**Provision for impairment**

In 2022 the Fund recognized reversal of impairment provision for SAP licenses in the amount of 1,851 million tenge. The recoverable amount of these assets was determined based on the planned license requirement.

**10. OTHER CURRENT ASSETS**

As at December 31 other current assets comprised the following:

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
<b>Financial assets, measured at at amortised cost</b>	<b>202,655</b>	54,190
Account receivable from sale of shares	<b>164,685</b>	–
Notes of the National Bank of the Republic of Kazakhstan	<b>20,313</b>	52,265
Restricted cash	<b>18,417</b>	18,417
Dividends receivable	<b>15,313</b>	–
Other trade receivables	<b>12,430</b>	12,011
Less: allowance for expected credit losses	<b>(28,503)</b>	(28,503)
<b>Non-financial assets</b>	<b>6,001</b>	5,953
<i>Other</i>	<b>6,001</b>	5,953
	<b>208,656</b>	60,143

**Account receivable from sale of shares**

As of December 31, 2022, account receivables from the sale of shares represent the amount due from Cooperative KazmunaiGaz U.A for the sale of a 50% stake in “KMG Kashagan B.V.” PLLC. The receivable in the amount of 3,782 million US dollars (equivalent to 1,793,259 million tenge on the date of loss of control) was initially recognized at fair value using market rate of 4.4% per annum (Note 6). The difference between the fair and nominal value of the account receivable on the date of sale in the amount of 5,760 million tenge was recognized as an increase in investments in “National company “KazMunayGas” JSC (Note 5). The maturity of the receivable is June 2023.

**Dividends receivable**

As at 31 December 2022, dividends receivable include dividends from “Kazakhstan Electricity Grid Operating Company” JSC in the amount of 15,313 million tenge.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****11. CASH AND CASH EQUIVALENTS**

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

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Current accounts with banks – US dollars	<b>322,411</b>	67,366
Current accounts with banks – tenge	<b>54,439</b>	34,713
Current accounts with banks – other currency	<b>35</b>	45
Bank deposits – US dollars	<b>190,728</b>	174,215
Bank deposits – tenge	<b>12,210</b>	62,275
Reverse repurchase agreements and other treasury securities with contractual maturity of three months or less	<b>41,549</b>	54,498
Less: allowance for expected credit losses	<b>(94)</b>	(145)
	<b>621,278</b>	392,967

As at 31 December 2022, the weighted average interest rate on term deposits was 13.97% in tenge, 1.74% in US dollars (31 December 2021: 8.89% in tenge, 0.46% in US dollars), on current accounts was 0.10% in tenge, 2.48% in US dollars (31 December 2021: 0.13% in tenge, 0.27% in US dollars).

**12. EQUITY****Issue of shares**

During 2022 and 2021, the Fund made issues of ordinary shares, which were paid for as follows:

<b>Payment for shares</b>	<b>Number of shares authorized and issued</b>	<b>Par value per share, in tenge</b>	<b>Share capital in millions of tenge</b>
<b>As of 31 December 2021</b>	3,481,960,408		5,258,657
Cash contributions	1,000	9,923,089	9,923
<b>As of 31 December 2021</b>	3,481,961,408		5,268,580
Property contributions	<b>1</b>	<b>239,265,541</b>	<b>239</b>
<b>As of 31 December 2022</b>	<b>3,481,961,409</b>		<b>5,268,819</b>

As at 31 December 2022 – 3,481,961,409 shares of the Fund were fully paid up (31 December 2021: 3,481,961,408 shares).

*Property contributions*

On 28 June 2022 the State Property and Privatisation Committee made property contribution with a fair value of 239 million tenge. This property was transferred to the share capital of “Kazakhstan Temir Zholy” JSC (*Note 5*).

**Other distributions to the shareholder**

In 2022, based on the order of the shareholder, the Fund recognized obligation on financing various social projects in the total amount of 202,445 million tenge (*Note 15*) within equity as other distributions to the shareholder in the separate statement of changes in equity (2021: 65,497 million tenge).

**Discount on loans from the Government**

In 2022, the Fund made partial early repayment of bond obligations to the National Bank in the amount of 137 million tenge (2021: 558 million tenge), and therefore recognized the amortization of the discount on loans from the Government in the amount of 78 million tenge (2021: 278 million tenge) in the separate statement of changes in equity (*Note 14*).

In December 2022, the Fund placed bonds in the amount of 162,859 million tenge (*Note 14*). The difference between nominal and fair value in the amount of 68,762 million tenge was recognized as a discount on loans from the Government in the separate statement of changes in equity.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****12. EQUITY (continued)****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. The transaction was recognized as assets for distribution to the Shareholder in the separate statement of changes in equity.

**Dividends**

On 4 October 2022, the Fund paid dividends to the Shareholder of 170,024 million tenge based on results of 2021 in accordance to the Resolution of the Government dated 22 September 2022.

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.

**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.

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Total assets	<b>7,976,134</b>	7,636,045
Intangible assets	<b>(799)</b>	(830)
Total liabilities	<b>(1,479,396)</b>	(1,787,392)
<b>Net assets for common shares</b>	<b>6,495,939</b>	5,847,823
Number of common shares as at 31 December	<b>3,481,961,409</b>	3,481,961,408
<b>Book value per common share, tenge *</b>	<b>1,866</b>	1,679

\* Presentation of book value per common share is a non-IFRS measure.

**Earnings per share**

<i>In tenge</i>	<b>31 December 2022</b>	31 December 2021
Weighted average number of common shares for basic and diluted earnings per share	<b>3,481,961,409</b>	3,481,960,762
Basic and diluted net profit for the period per share (tenge)	<b>273.30</b>	62.13

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**13. BORROWINGS**

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

<i>In millions of tenge</i>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Effective interest rate</b>	<b>31 December 2022</b>	31 December 2021
<b>Loans received</b>				<b>98,704</b>	630,029
“VTB Bank” PJSC	10.4 billion roubles	2023	Key rate of the Central Bank of the Russian Federation + 1.75%	<b>68,095</b>	61,119
“National Mining Company “Tau-Ken Samruk” JSC	18.4 billion tenge	2023	16,07%	<b>15,889</b>	18,442
“First Heartland Jusan Bank” JSC	20.5 billion tenge	2032	6.50%	<b>14,720</b>	16,179
“National Company “KazMunayGas” JSC	492 billion tenge	2022	8,53-14,18%	–	453,328
“VTB Bank”(Kazakhstan) JSC	3 billion roubles	2023	Key rate of the Central Bank of the Russian Federation + 1.75%	–	17,674
“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
“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
<b>Bonds</b>				<b>486,481</b>	468,985
Bonds LSE 2021	500 million US dollars	2026	2,36%	<b>229,241</b>	213,291
Bonds KASE 2020	129 billion tenge	2023	10.9%	<b>130,295</b>	130,295
Bonds KASE 2018	40.5 billion tenge	2024	9.25%	<b>41,468</b>	41,468
Bonds KASE 2018	34.5 billion tenge	2024	9.25%	<b>35,324</b>	35,324
Bonds KASE 2017	25 billion tenge	2027	10.5%	<b>26,050</b>	26,050
Bond KMG 2017	111 billion tenge	2044	10%	<b>19,671</b>	18,438
Bond DBK 2009	114.9 billion tenge	2059	6,43%-10,22%	<b>4,432</b>	4,119
<b>Total borrowings</b>				<b>585,185</b>	1,099,014
Less: amounts due for settlement within 12 months				<b>(220,016)</b>	(480,350)
<b>Amounts due for settlement after 12 months</b>				<b>365,169</b>	618,664

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****13. BORROWINGS (continued)**

Borrowings comprised the following currencies:

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
Borrowings, denominated in tenge	<b>287,849</b>	743,644
Borrowings, denominated in US dollars	<b>229,241</b>	267,393
Borrowings, denominated in Russian roubles	<b>68,095</b>	87,977
	<b>585,185</b>	1,099,014

The change in borrowings is represented as follows:

<i>In millions of tenge</i>	<b>2022*</b>	2021*
<b>Balance as at 1 January</b>	<b>1,099,014</b>	999,666
Received by cash	<b>33,404</b>	370,704
Interest accrued	<b>39,294</b>	36,666
Discount ( <i>Note 21</i> )	<b>(4,459)</b>	(6,795)
Interest paid	<b>(39,006)</b>	(34,751)
Repayment of principal	<b>(95,146)</b>	(312,303)
Amortisation of discount	<b>43,496</b>	37,782
Foreign currency translation	<b>24,855</b>	8,685
Offset	<b>(516,579)</b>	-
Other	<b>312</b>	(640)
<b>Balance as at 31 December</b>	<b>585,185</b>	1,099,014

\* *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.*

As at December 31, 2022 property, plant and equipment and investment property with net book value of 13,671 million tenge was pledged as collateral for some of the Fund’s borrowings (December 31, 2021: 13,862 million tenge).

**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 492,973 million tenge in 2015-2021. 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 2022, the Fund received additional tranches from NC KMG in the amount of 23,605 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 1,905 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.

On June 13, 2022, Fund made partial offsetting of debt on loan with receivables from NC KMG under a sale and purchase agreement of 49.5% share in “Kazakhstan Petrochemical Industries Inc.” LLP for a total amount of 91,175 million tenge (*Note 5*).

On September 15, 2022, Fund offset the loans due to with receivables from NC KMG under an Amendment Agreement and Agreement on Transfer of Debt and Set-Off concluded within sale of 50% share in “KMG Kashagan B.V.” PLLC for a total amount of 424,587 million tenge (*Note 6*).

*Loan from “National Mining Company “Tau-Ken Samruk” JSC*

On 24 December 2021 the Fund received interest-free loan from “National Mining Company “Tau-Ken Samruk” JSC for the total amount of 18,442 million tenge for the working capital replenishment. The maturity of the loan was 31 December 2022.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**13. BORROWINGS (continued)**

**Loans received (continued)**

*Loan from “National Mining Company “Tau-Ken Samruk” JSC (continued)*

On December 2022 the Fund and “National Mining Company “Tau-Ken Samruk” JSC concluded an addendum about extension of maturity date until 31 December 2023 and an interest rate 0.01% from the total amount of financial aid. The difference between nominal value and fair value of the loan as at the date of addendum in the amount of 2,554 million tenge was recognized as finance income in the separate statement of comprehensive income.

*Loan from “VTB Bank”(Kazakhstan) JSC*

In 2022, the Fund made full early redemption of principal of loan from “VTB Bank” (Kazakhstan) JSC in the amount of 25 million US dollars (equivalent to 11,547 million tenge as of date of payment).

On February 28, 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 14,850 million tenge as of date of payment).

*Loan from “Sberbank” JSC*

On January 31, 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 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 10,196 million tenge as of date of payment).

*Loan from “First Heartland Jusan Bank” JSC*

On July 15, 2022, the Fund made full early redemption of principal of loan from “First Heartland Jusan Bank” JSC in the amount of 40 million US dollars (equivalent to 19,215 million tenge as of date of payment).

*Loan from “Halyk Bank” JSC*

On July 15, 2022, the Fund made full early redemption of principal of loan from “Halyk Bank” JSC in the amount of 40 million US dollars (equivalent to 19,215 million tenge as of date of payment).

**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 2022 and 2021 the Fund complied with all financial and non-financial covenants.

**14. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN**

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

<i>In millions of tenge</i>	<b>Redemption date</b>	<b>Effective interest rate</b>	<b>31 December 2022</b>	31 December 2021
Bonds purchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	2035-2063	5.56-13.99%	<b>672,208</b>	558,982
Other loans from the Government	2029-2046	5.15%-9.6%	<b>11,396</b>	20,387
<b>Total amounts due to the Government of the Republic of Kazakhstan</b>			<b>683,604</b>	579,369
Less: current portion			<b>(3,760)</b>	(10,264)
<b>Non-current portion</b>			<b>679,844</b>	569,105

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****14. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN (continued)**

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

<i>In millions of tenge</i>	<b>2022*</b>	2021*
<b>Balance as at 1 January</b>	<b>579,369</b>	593,221
Received by cash	<b>162,859</b>	–
Interest accrued	<b>17,364</b>	17,445
Discount	<b>(68,684)</b>	278
Interest paid	<b>(17,448)</b>	(17,530)
Principal paid	<b>(10,776)</b>	(34,454)
Amortisation of discount	<b>20,920</b>	20,409
<b>Balance as at 31 December</b>	<b>683,604</b>	579,369

\* *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 February 2022, in accordance with the corporate decisions made by the Fund and with the edition of 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, effective on the redemption date, the Fund made a partial early redemption of bonds at par value in the amount of 137 million tenge which was carried out within the eleventh bond issue of the Fund purchased by the National Bank of the Republic of Kazakhstan (2021: 558 million tenge). In this regard, the Fund recognized amortization of discount on loans from the Government in the amount of 78 million tenge in the separate statement of changes in equity (2021: 278 million tenge) (*Note 12*).

In December 2022, Fund's bonds issue in the amount of 542,863 million tenge with an annual coupon of 7.37% per annum was registered. On December 30, 2022, the Fund's bonds were placed in the amount of 162,859 million tenge. The bonds were purchased by the National Bank of the Republic of Kazakhstan funded by the National Fund. The funds received from the sale of these bonds were used to provide a loan to “KTZ” JSC in order to finance the construction of the second tracks of the Dostyk-Moiynty railway section with a total length of 836 km, aimed at increasing the transit and export potential of the country (*Note 7*). The fair value of consideration received was 94,097 million tenge. The difference between nominal and fair value of the bond in the amount of 68,762 million tenge was recognized as a discount on loan from the government in a separate statement of changes in equity.

**15. OTHER CURRENT LIABILITIES**

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
<b>Financial liabilities</b>	<b>128,698</b>	54,084
Liabilities on financing of other social projects:	<b>127,276</b>	52,755
<i>Construction of the National Coordination Center for Emergency Medicine in the city of Astana for 200 beds and the National Scientific Center for Infectious Diseases in the city of Almaty for 350 beds</i>	<b>90,976</b>	26,255
<i>Construction of the Center of the Kazakh Gymnastics Federation in Astana city</i>	<b>16,200</b>	18,000
<i>Construction of residential buildings for socially vulnerable segments of the population in Zhetisu region</i>	<b>11,600</b>	–
<i>Construction of family rest park in Astana city</i>	<b>8,500</b>	8,500
Other	<b>1,422</b>	1,329
<b>Non-financial liabilities</b>	<b>1,490</b>	1,337
Other	<b>1,490</b>	1,337
<b>Total amount of other current liabilities</b>	<b>130,188</b>	55,421

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****15. OTHER CURRENT LIABILITIES (continued)****Liabilities on financing of other social projects**

In 2022, based on the order of the Shareholder, the Fund recognized obligations on financing of various social projects for the total amount of 202,445 million tenge (2021: 65,497 million tenge) (*Note 12*).

Actual amount of cash paid during 2022 totaled to 129,827 million tenge (2021: 67,097 million tenge).

**16. FINANCIAL GUARANTEE LIABILITIES**

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

<i>In millions of tenge</i>	<b>31 December 2022</b>	31 December 2021
<b>As at 1 January</b>	<b>53,588</b>	43,427
Guarantees issued during the year	<b>33,190</b>	17,103
Amortization of financial guarantee liabilities	<b>(6,359)</b>	(6,942)
<b>As at 31 December</b>	<b>80,419</b>	53,588
Less: current portion	<b>(80,419)</b>	(5,195)
<b>Non-current portion</b>	<b>-</b>	48,393

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 2022 is 2,170 million US dollars and 182,746 million tenge (31 December 2021: 1,884 million US dollars, 155,873 million tenge, respectively).

**17. INTEREST INCOME**

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

<i>In millions of tenge</i>	<b>2022</b>	2021
Unwinding of discount on loans issued	<b>49,929</b>	33,099
Interest on bonds	<b>46,807</b>	39,070
Interest on loans issued	<b>11,571</b>	11,870
	<b>108,307</b>	84,039

**18. INTEREST EXPENSES**

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

<i>In millions of tenge</i>	<b>2022</b>	2021
Interest on bonds issued and borrowings	<b>41,576</b>	41,628
Unwinding of discount on financial liabilities	<b>22,152</b>	21,656
Loss on discounting of financial assets at initial recognition	<b>-</b>	441
	<b>63,728</b>	63,725

**19. DIVIDEND INCOME**

<i>In millions of tenge</i>	<b>2022</b>	2021
“KMG Kashagan B.V.” PLLC	<b>264,333</b>	-
“National company “KazMunayGas” JSC	<b>180,847</b>	45,212
“National Atomic Company “KazAtomProm” JSC	<b>170,541</b>	112,561
“National mining company “Tau-Ken Samruk” JSC	<b>88,819</b>	45,537
“Kazakhstan Electricity Grid Operating Company” (“KEGOC”) JSC	<b>27,212</b>	37,377
“Kazakhtelecom” JSC	<b>20,001</b>	9,642
“Samruk-Energy” JSC	<b>2,041</b>	3,242
“Samruk-kazyna Construction” JSC	<b>2,031</b>	1,020
Other subsidiaries	<b>1,889</b>	297
	<b>757,714</b>	254,888

In 2022 the Fund received dividends in the amount of 741,738 million tenge (2021: 253,502 million tenge).



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****20. GENERAL AND ADMINISTRATIVE EXPENSES**

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

<i>In millions of tenge</i>	<b>2022</b>	2021
Sponsorship and charitable donations, net	<b>7,388</b>	7,137
Personnel costs	<b>3,278</b>	3,354
Third-party services	<b>1,747</b>	2,423
Repair and maintenance	<b>869</b>	862
Taxes	<b>754</b>	1,150
Depreciation and amortization	<b>728</b>	2,147
Non-refundable VAT	<b>659</b>	693
Audit, consulting services and information expenses	<b>318</b>	173
Other	<b>5,132</b>	6,480
	<b>20,873</b>	24,419

**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 324 million tenge (2021: 340 million tenge), funds for support of operating activities of subordinated organizations in the total amount of 1,407 million tenge (2021: 1,185 million tenge) and other administrative expenses to ensure operating activities of the Fund.

**21. FINANCE INCOME**

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

<i>In millions of tenge</i>	<b>2022</b>	2021
Income on “reverse repo” transactions and notes of the National Bank of the Republic of Kazakhstan	<b>23,350</b>	4,764
Interest on bank deposits	<b>21,041</b>	8,775
Income from financial guarantees	<b>6,699</b>	7,002
Discount on borrowings	<b>4,459</b>	6,795
Interest on current bank accounts	<b>4,372</b>	175
Amortisation of discount on financial assets	<b>2,095</b>	324
Other	<b>2,138</b>	317
	<b>64,154</b>	28,152

**22. FINANCE EXPENSES**

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

<i>In millions of tenge</i>	<b>2022</b>	2021
Unwinding of discount on borrowings	<b>41,552</b>	36,536
Interest on bank loans	<b>15,793</b>	12,483
Other	<b>4,020</b>	501
	<b>61,365</b>	49,520

**23. GAIN ON DISPOSAL OF INVESTMENT IN JOINT VENTURE**

On June 13, 2022, the Fund realized 49.5% share in “Kazakhstan Petrochemical Industries Inc.” LLP, obtained by reducing the authorized capital of “Samruk-Kazyna Odeu” LLP (Note 5) in favour of National Company “KazMunayGas” JSC for total consideration of 91,175 million tenge. As a result of the sale and purchase transaction, the Fund recognized a net loss on disposal of investment in joint venture in the amount of 790 million tenge in the separate statement of comprehensive income.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**23. GAIN ON DISPOSAL OF INVESTMENT IN JOINT VENTURE (continued)**

On September 15, 2022, the Fund sold a 50% share in "KMG Kashagan B.V." PLLC to Cooperative KazmunaiGaz U.A for consideration of 3,782 million US dollars (equivalent to 1,793,259 million tenge on the date of loss of control). As a result of the transaction, the Fund recognized the gain on disposal of an interest in a joint venture in the amount of 298,318 million tenge in the separate statement of comprehensive income.

**24. INCOME TAX EXPENSE**

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

<i>In millions of tenge</i>	<b>2022</b>	2021
Current corporate income tax	<b>12,398</b>	-
Withholding tax expense	<b>5,046</b>	2,941
	<b>17,444</b>	2,941

As at 31 December 2022, the Fund was subject to corporate income tax at the statutory rate of 20% (31 December 2021: 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:

<i>In millions of tenge</i>	<b>2022</b>	2021
<b>Profit before income tax</b>	<b>969,075</b>	219,270
Statutory income tax rate	<b>20%</b>	20%
<b>Theoretical income tax expense</b>	<b>193,815</b>	43,854
Change in unrecognised deferred tax assets	<b>(53,888)</b>	6,430
Expenses on sponsorship and charitable donations	<b>1,971</b>	1,427
Allowance on impairment of loans issued and amounts due from credit institutions	<b>(6,526)</b>	255
Income from non-taxable dividends	<b>(151,543)</b>	(50,978)
Gain on disposal of share in subsidiary	<b>2,777</b>	-
Gain on disposal of share in joint venture	<b>(212)</b>	-
Discount on financial assets and financial liabilities	<b>(2,998)</b>	(47)
Income from financial guarantees	<b>(1,699)</b>	(1,388)
Impairment of investments in subsidiaries	<b>46,492</b>	2,440
Other non-taxable income	<b>(11,706)</b>	-
Other non-deductible expenses	<b>961</b>	948
<b>Corporate income tax expense presented in the separate statement of comprehensive income</b>	<b>17,444</b>	2,941

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:

<i>In millions of tenge</i>	<b>As at 31 December 2022</b>	<b>Profit and loss</b>	<b>As at 31 December 2021</b>	<b>Profit and loss</b>	<b>As at 31 December 2020</b>
<b>Deferred tax assets</b>					
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	-	<b>(60,261)</b>	60,261	2,941	57,320
Amounts due from credit institutions	<b>19,006</b>	<b>(2,158)</b>	21,164	(2,251)	23,415
Loans issued	<b>379</b>	<b>(22)</b>	401	(211)	612
Property, plant and equipment	<b>192</b>	<b>192</b>	-	-	-
Other liabilities	<b>490</b>	<b>(166)</b>	656	(154)	810
Less: unrecognized deferred tax assets	<b>(1,676)</b>	<b>53,888</b>	(55,564)	(6,430)	(49,134)
<b>Deferred tax assets</b>	<b>18,391</b>	<b>(8,527)</b>	26,918	(6,105)	33,023
<b>Deferred tax liabilities</b>					
Borrowings	<b>(18,377)</b>	<b>8,176</b>	(26,553)	6,224	(32,777)
Property, plant and equipment	-	<b>198</b>	(198)	(198)	-
Other accounts receivable	<b>(14)</b>	<b>153</b>	(167)	79	(246)
<b>Deferred tax liabilities</b>	<b>(18,391)</b>	<b>8,527</b>	(26,918)	6,105	(33,023)
<b>Net deferred tax assets/(liabilities)</b>	-	-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****24. INCOME TAX EXPENSE (continued)**

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 2022 and 2021 and the corresponding balances as at 31 December 2022 and 2021:

<i>In millions of tenge</i>		Amounts due from related parties	Amounts due to related parties	Cash and deposits placed with related parties
	<b>31 December 2022</b>	<b>1,587,792</b>	<b>66,264</b>	<b>10,029</b>
Subsidiaries	31 December 2021	617,809	520,818	–
	<b>31 December 2022</b>	<b>5,015</b>	<b>–</b>	<b>–</b>
Associates and joint ventures of subsidiaries	31 December 2021	5,320	–	–
	<b>31 December 2022</b>	<b>144,654</b>	<b>754,492</b>	<b>54,221</b>
Other entities controlled by the Government	31 December 2021	148,156	652,199	34,660

As at December 31, 2022 and December 31, 2021 amounts from related parties include other account receivable, loans and finance lease receivables, amounts due to related parties include account payable, borrowings, the Fund’s liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries and related parties.

<i>In millions of tenge</i>		Dividends income	Purchases from related parties	Sales to related parties
	<b>2022</b>	<b>493,381</b>	<b>2,964</b>	<b>1,885,025</b>
Subsidiaries	2021	254,888	4,414	563
	<b>2022</b>	<b>264,333</b>	<b>–</b>	<b>–</b>
Joint ventures	2021	–	–	–
	<b>2022</b>	<b>–</b>	<b>35</b>	<b>–</b>
Associates and joint ventures of subsidiaries	2021	–	–	–

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**25. RELATED PARTY TRANSACTIONS (continued)**

<i>In millions of tenge</i>		Interest accrued to related parties	Interest incurred to related parties	Finance income accrued to related parties	Finance expenses incurred to related parties
	<b>2022</b>	<b>67,371</b>	<b>5,058</b>	<b>7,576</b>	<b>41,604</b>
Subsidiaries	2021	42,895	5,118	5,823	36,536
Associates and joint ventures of subsidiaries	<b>2022</b>	<b>473</b>	-	-	-
	2021	491	-	-	-
Other entities controlled by the Government	<b>2022</b>	<b>8,727</b>	<b>43,844</b>	<b>691</b>	-
	2021	8,772	44,787	198	-

The nature of transactions entered into with related parties during 2022 and 2021 are disclosed in the relevant notes to the separate financial statements.

Total compensation to Fund’s key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income was equal to 730 million tenge for the year ended 31 December 2022 (2021: 615 million tenge). The indicated amount includes the compensation to the independent directors, which are members of management personnel, the Board of Directors of 324 million tenge for the year ended 31 December 2022 (2021: 340 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.

**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 13*).

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.

<i>In millions of tenge</i>	Increase/ decrease in basis points	Impact on profit before tax
<b>2022</b>		
US dollar	+2.45	(5,251)
	-2.45	5,251
Russian rouble	+2.45	(1,470)
	-2.45	1,470
<b>2021</b>		
US dollar	+1.25	(3,343)
	-0.25	669
Russian rouble	+1.25	(1,079)
	-0.25	216

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk (continued)**

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, other assets (*Notes 9, 10*), and cash and cash equivalents (*Note 11*), 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 inability 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.

The table below summarizes the maturity profile of the Fund’s financial liabilities at 31 December 2022 and 2021 based on contractual undiscounted payments.

<i>In millions of tenge</i>	<b>Less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
<b>As at 31 December 2022</b>						
Borrowings	283	1,400	105,523	251,873	245,925	605,004
Loans from the Government of the Republic of Kazakhstan	–	24	27,735	204,440	2,028,887	2,261,086
Financial guarantees*	16,628	1,183	17,811	266,182	884,795	1,186,599
Other liabilities	1,249	13,054	121,897	–	–	136,200
<b>Total</b>	<b>18,160</b>	<b>15,661</b>	<b>272,966</b>	<b>722,495</b>	<b>3,159,607</b>	<b>4,188,889</b>

<i>In millions of tenge</i>	<b>Less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
<b>As at 31 December 2021</b>						
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
<b>Total</b>	<b>12,184</b>	<b>3,287</b>	<b>615,309</b>	<b>742,215</b>	<b>2,887,305</b>	<b>4,260,300</b>

\* *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 2022 and 2021 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Currency risk (continued)**

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.

<i>In millions of tenge</i>	<b>Increase/ (decrease) in currency rate</b>	<b>Effect on (loss)/profit before income tax</b>
<b>2022</b>		
US dollar	<b>21%</b> <b>(21%)</b>	<b>61,682</b> <b>(61,682)</b>
Russian rouble	<b>22%</b> <b>(22%)</b>	<b>(12,190)</b> <b>12,190</b>
<b>2021</b>		
US dollar	13% (10%)	16,960 (13,046)
Russian rouble	13% (13%)	(9,919) 9,686

**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:

<i>In millions of tenge</i>	<b>2022</b>	<b>2021</b>
Borrowings	<b>585,185</b>	1,099,014
loans from the Government of the Republic of Kazakhstan	<b>683,604</b>	579,369
<b>Total debt</b>	<b>1,268,789</b>	1,678,383
Less: cash and cash equivalents	<b>(621,278)</b>	(392,967)
<b>Total net debt</b>	<b>647,511</b>	1,285,416
<b>Equity</b>	<b>6,496,738</b>	5,848,653
<b>Debt to equity ratio</b>	<b>0.20</b>	0.29

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****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.

**Fair value of financial instruments**

The carrying value of the Funds’s financial instruments as of 31 December 2022 and 2021 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	<b>2022</b>				
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Fair value by level of assessment</b>		
<b>Quotations in an active market (Level 1)</b>			<b>From the observed market (Level 2)</b>	<b>Based on the significant amount of unobserved (Level 3)</b>	
<b>Financial assets</b>					
Amounts due from credit institutions <i>(Note 8)</i>	<b>793,406</b>	<b>749,140</b>	–	<b>749,140</b>	–
Loans with fixed interest rate <i>(Note 7)</i>	<b>1,549,223</b>	<b>1,420,701</b>	–	<b>1,326,946</b>	<b>93,755</b>
Notes of the National Bank of the Republic of Kazakhstan <i>(Note 10)</i>	<b>20,313</b>	<b>20,313</b>	<b>20,313</b>	–	–
Account receivable from sale of shares <i>(Note 10)</i>	<b>164,685</b>	<b>163,218</b>	–	–	<b>163,218</b>
<b>Financial liabilities</b>					
Borrowings <i>(Note 13)</i>	<b>585,185</b>	<b>541,800</b>	<b>198,715</b>	<b>343,085</b>	–
Loans from the Government of the Republic of Kazakhstan <i>(Note 14)</i>	<b>683,604</b>	<b>509,900</b>	–	<b>509,900</b>	–
Financial guarantee liabilities <i>(Note 16)</i>	<b>80,419</b>	<b>161,003</b>	–	<b>161,003</b>	–
Other liabilities	<b>127,276</b>	<b>126,460</b>	–	–	<b>126,460</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

**26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

In 2022 and 2021, there was no transfer between Level 2 and Level 3.

<i>In millions of tenge</i>	2021				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
<b>Financial assets</b>					
Amounts due from credit institutions (Note 8)	408,652	394,175	–	394,175	–
Loans with fixed interest rate (Note 7)	741,421	679,825	–	584,494	95,331
Notes of the National Bank of the Republic of Kazakhstan (Note 10)	52,265	52,265	52,265	–	–
<b>Financial liabilities</b>					
Borrowings (Note 13)	1,099,014	1,087,627	213,293	874,334	–
Loans from the Government of the Republic of Kazakhstan (Note 14)	579,369	374,861	–	374,861	–
Financial guarantee liabilities (Note 16)	53,588	49,606	–	49,606	–
Other liabilities	52,755	52,755	–	–	52,755

**Changes in liabilities arising from financing activities**

<i>In millions of tenge</i>	2022					
	1 January 2022	Cash flows	Foreign exchange movement	New liabilities	Other	31 December 2022
Other liabilities	52,755	(129,827)	–	202,445	1,904	127,277
Dividends payable	–	(170,024)	–	170,024	–	–
Loans from the Government of the Republic of Kazakhstan	378,248	(137)	–	–	7,729	385,840
Borrowings	174,808	(85,347)	10,481	–	–	99,942
Other bonds issued	286,271	–	16,462	–	711	303,444
<b>Total liabilities from financing activities</b>	<b>892,082</b>	<b>(385,335)</b>	<b>26,943</b>	<b>372,469</b>	<b>10,344</b>	<b>916,503</b>

<i>In millions of tenge</i>	2021					
	1 January 2021	Cash flows	Foreign exchange movement	New liabilities	Other	31 December 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
<b>Total liabilities from financing activities</b>	<b>864,635</b>	<b>(140,742)</b>	<b>7,168</b>	<b>153,769</b>	<b>7,252</b>	<b>892,082</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**27. SEGMENT REPORTING**

Operating segments at the consolidated level are determined based on the type of the produced goods and services provided in different markets. For management purposes, the Group has six reportable segments: oil-and-gas and petrochemical segment, mining, transportation, communication, energy, industrial. The Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment disclosures are presented in *Note 38* to the consolidated financial statements for the year ended December 31, 2022 in accordance with IFRS 8.

**28. 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 2022.

As at 31 December 2022, 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 June 14, 2022, the Court of Appeal of The Hague made a decision in respect of cancellation of arrest on KMG Kashagan B.V. shares owned by the Fund, imposed in September 2017.

On August 8, Stati filed a cassation appeal against the decision of the Court of Appeal of The Hague dated June 14 this year.

The process is currently ongoing.

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.

On November 2, 2022, the Fund filed an application to terminate the trial, in connection with the decision of the Court of Appeal of The Hague dated June 14, 2022, according to which the arrest of Kashagan shares owned by the Fund, imposed in September 2017, was lifted.

On February 8, 2023, the District Court of Amsterdam ruled that the claims of Anatole and Gabriel Stati and their companies (“Stati”) against the Fund were inadmissible and, as a result, the proceedings were dismissed. However, the Stati has the right to appeal this decision.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**28. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES (continued)****Commitments on secondary use of anti-crisis funds**

As at 31 December 2022 Fund’s commitments included commitments to finance investment projects in the amount of 83,693 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;
- Financing the reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak" 1 stage" in the amount of 70,000 million tenge;
- Financing the reconstruction of electrical networks” in the amount of 7,774 million tenge;

**Other contingent liabilities**

In 2022 Fund committed to finance the construction of the second tracks of the Dostyk-Moiynty railway section from the funds which will be received from National Fund. The amount of contingent liabilities as of December 31, 2022 is 380,004 million tenge.

**29. SUBSEQUENT EVENTS****Dividends receivable**

In January 2023 Fund received dividends from “Kazakhstan Electricity Grid Operating Company” (“KEGOC”) JSC in the total amount of 15,313 millions tenge.

**Investments in subsidiaries**

On January 31, 2023, the Fund made a cash contribution to the authorized capital of “Samruk-Kazyna-Invest” JSC in the amount of 4,800 million tenge.

On February 28, 2023, the Fund made a cash contribution to the authorized capital of “Kazpost” JSC in the amount of 5,650 million tenge.

On April 14, 2023, the Fund made a property contribution with a carrying value of 16,915 million tenge to the authorized capital of JSC “National company “Qazaq Qaz”.

**Other distributions to the Shareholder**

In accordance with the Decree of the Government of the Republic of Kazakhstan № 45 dated January 25, 2023, the following changes were made to the Law on Sovereign Wealth Fund: “By decision of the sole Shareholder and in a way approved by him, the Fund annually distributes not less than seven percent of net income of the Fund to a non-profit organization represented by the public fund “Kazakhstan Khalkyna”.

**Share capital**

On 14 and 19 April 2023 the State Property and Privatisation Committee made assets contribution with a fair value of 16,915 million tenge and 59,628 million tenge, respectively.