

**JOINT STOCK COMPANY
UNIFIED ACCUMULATIVE
PENSION FUND**

Pension Plan Assets

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2020

Joint Stock Company Unified Accumulative Pension Fund

TABLE OF CONTENTS

| | Page |
|---|-------------|
| STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 | 1 |
| INDEPENDENT AUDITOR'S REPORT | 2-4 |
| FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020: | |
| Statement of Profit and Loss | 5 |
| Statement of Net Assets Available for Benefits | 6 |
| Statement of Cash Flows | 7 |
| Statement of Changes in Net Assets Available for Benefits | 8 |
| Notes to the Financial Statements | 9-43 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2020

Management of Joint Stock Company Unified Accumulative Pension Fund ("the Fund") is responsible for the preparation of the financial statements that present fairly the financial position of the pension assets as at 31 December 2020, and the results of its operations, cash flows and changes in net assets available for benefits for the year then ended, in accordance with Financial Reporting Standard "Accounting and disclosure of operations with pension assets" approved by Regulation No. 195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 ("the FRS"). The FRS sets out certain specific accounting and financial reporting requirements in respect of the pension assets, and stipulates that International Financial Reporting Standards ("IFRS") apply for those areas not specifically addressed by the FRS. In preparing the financial statements, the Fund, as a reporting organization, in accordance with IAS 26 Accounting and Reporting by Retirement Benefit Plans, for pension assets uses the concept of "Pension Plan Assets" ("Plan").

In preparing the financial statements, management is responsible for:

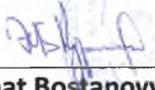
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in FRS are insufficient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

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Plan;
- Maintaining adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the Plan, and which enable them to ensure that the financial statements of the Plan comply with FRS;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Plan; and
- Detecting and preventing fraud and other irregularities.

The financial statements of the Plan for the year ended 31 December 2020 were authorised for issue by the Management of the Fund on 16 March 2021.

On behalf of the Management Board:



Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2021
Almaty



Sarinova Amankul Zhaksylykovna
Chief Accountant

16 March 2021
Almaty

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Joint Stock Company Unified Accumulative Pension Fund

Opinion

We have audited the financial statements of the Pension Plan Assets ("the Plan") of Joint Stock Company Unified Accumulative Pension Fund ("the Fund"), which comprise the statement of net assets available for benefits as at 31 December 2020, the statement of profit and loss, statement of cash flows and statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standard "Accounting and disclosure of operations with pension assets" approved by Regulation No. 195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 ("the FRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan'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 Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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



Roman Sattarov
Engagement Partner
Qualified Auditor of the Republic of Kazakhstan
Qualification certificate №MF-0000149
dated 31 May 2013
Deloitte LLP

16 March 2021
Almaty

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Statement of Profit and Loss for the Year Ended 31 December 2020 (in thousands of Kazakhstani Tenge)

| | Notes | For the year ended 31 December 2020 | For the year ended 31 December 2019 |
|--|-------|--|--|
| Interest income | 4, 21 | 806,227,203 | 648,865,833 |
| Dividend income | 5, 21 | 25,449,324 | 19,198,440 |
| Net gain on financial assets | 6 | 87,163,610 | 23,433,149 |
| Net gain/(loss) on foreign exchange operations | 7 | 290,944,118 | (7,114,453) |
| Net gain on assets under investment management of foreign organisations | 15 | 50,249,168 | 12,941,942 |
| Recovery of previously written-off impairment losses on financial assets | | 266,249 | 1,549,301 |
| Other income | | 2,201,059 | 892,874 |
| Total income | | 1,262,500,731 | 699,767,086 |
| Commission expense | 8, 21 | (42,656,240) | (58,010,578) |
| Net profit for the year | | 1,219,844,491 | 641,756,508 |

On behalf of the Management Board:


Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2021
Almaty


Sarinova Armankul Zhaksylykovna
Chief Accountant

16 March 2021
Almaty

The notes on pages 9-43 form an integral part of these financial statements.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Statement of Net Assets Available for Benefits

as at 31 December 2020

(in thousands of Kazakhstani Tenge)

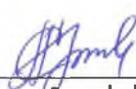
| | Notes | 31 December 2020 | 31 December 2019 |
|---|--------|-----------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | 9, 21 | 34,531,993 | 521,573,950 |
| Amounts receivable under reverse repurchase agreements | 10, 21 | 26,248,279 | - |
| Bank deposits | 11, 21 | 866,796,986 | 721,328,727 |
| Financial assets at fair value through profit or loss | 12, 21 | 3,045,700,805 | 1,709,218,198 |
| Derivative financial assets | 13 | - | 19,073,193 |
| Financial assets at amortised cost | 14, 21 | 8,127,306,475 | 7,613,312,795 |
| Assets under investment management of foreign organisations | 15 | 816,525,360 | 211,885,192 |
| Other assets | 16 | - | 13,489,559 |
| Total assets | | 12,917,109,898 | 10,809,881,614 |
| LIABILITIES | | | |
| Commission payable | 21 | 1,948,749 | 5,227,942 |
| Personal income tax payable from benefits paid | | 902,377 | 1,154,950 |
| Claims of pension beneficiaries | | 781,742 | 2,275,305 |
| Derivative financial liabilities | 13 | - | 675,371 |
| Other liabilities | | 1,402 | 8,652 |
| Total liabilities | | 3,634,270 | 9,342,220 |
| Net assets available for benefits | | 12,913,475,628 | 10,800,539,394 |

On behalf of the Management Board:


 Kurmanov Zhanat Bostanovich
 Chairman of the Management Board

16 March 2021
 Almaty




 Sarinova Amankul Zhaksylykovna
 Chief Accountant

16 March 2021
 Almaty

The notes on pages 9-43 form an integral part of these financial statements.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Statement of Cash Flows for the Year Ended 31 December 2020 (in thousands of Kazakhstani Tenge)

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|--|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets available for benefits | 2,112,936,234 | 1,422,897,227 |
| <i>Adjustments for:</i> | | |
| Interest income | (806,227,203) | (648,865,833) |
| Dividend income | (25,449,324) | (19,198,440) |
| Net gain on financial assets | (87,163,610) | (23,433,149) |
| Net (gain)/loss on unrealised foreign exchange operations | (290,944,118) | 7,114,453 |
| Net gain on assets under investment management of foreign organisations | (50,249,168) | (12,941,942) |
| Recovery of previously written-off impairment losses | (266,249) | (1,549,301) |
| Change in operating assets and liabilities | | |
| Increase in other assets | (3,345,398) | (589,617) |
| Decrease in commission payable | (3,279,193) | (1,501,465) |
| (Decrease)/increase in claims of pension beneficiaries | (1,487,360) | 2,189,960 |
| (Decrease)/increase in personal income tax payable from benefits paid | (252,573) | 474,955 |
| Decrease in other liabilities | (6,895) | (443) |
| Cash inflows from operating activities | 844,265,143 | 724,596,405 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 638,157,118 | 559,932,314 |
| Dividends received | 25,286,044 | 17,440,098 |
| Proceeds from bank deposits | 31,658,116,407 | 44,714,718,155 |
| Placement of bank deposits | (31,805,443,240) | (44,662,997,172) |
| Proceeds from reverse repurchase agreements | 10,375,512,531 | 268,786,388 |
| Purchases of reverse repurchase agreements | (10,397,270,366) | (268,861,667) |
| Sales and repayment of financial assets at fair value through profit or loss | 5,168,029,167 | 8,311,797,079 |
| Purchases of financial assets at fair value through profit or loss | (6,175,254,959) | (8,978,824,180) |
| Sales of derivatives | 12,907,879 | 1,403,107 |
| Sales and repayment of financial assets at amortised cost | 400,396,087 | 584,161,046 |
| Purchases of financial assets at amortised cost | (704,334,234) | (766,146,032) |
| Placement of assets to investment management of foreign organisation | (554,391,000) | (116,146,000) |
| Cash outflows from investing activities | (1,358,288,566) | (334,736,864) |
| Net (decrease)/increase in cash and cash equivalents | (514,023,423) | 389,859,541 |
| Cash and cash equivalents at the beginning of the year (Note 9) | 521,573,950 | 133,804,275 |
| Effect of changes in exchange rates on cash and cash equivalents | 26,981,466 | (2,089,866) |
| Cash and cash equivalents at the end of the year (Note 9) | 34,531,993 | 521,573,950 |

During 2019, in accordance with FRS, the Plan reclassified financial assets from "fair value" into "amortised cost" category and from "amortised cost" into "fair value" category. The effect of reclassification is disclosed in Note 12.

On behalf of the Management Board:

Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2021
Almaty



Sarinova Amankul Zhaksylykovna
Chief Accountant

16 March 2021
Almaty

The notes on pages 9-43 form an integral part of these financial statements.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

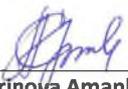
Statement of Changes in Net Assets Available for Benefits for the Year Ended 31 December 2020 (in thousands of Kazakhstani Tenge)

| | Notes | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|-------|-----------------------------------|-----------------------------------|
| Net profit for the year | | 1,219,844,491 | 641,756,508 |
| Pension contributions received | 17 | 1,086,520,316 | 991,331,093 |
| Benefits paid | 18 | (193,428,573) | (210,190,374) |
| Change in net assets available for benefits | | 2,112,936,234 | 1,422,897,227 |
| Net assets available for benefits at the beginning of the year | | 10,800,539,394 | 9,377,642,167 |
| Net assets available for benefits at the end of the year | | 12,913,475,628 | 10,800,539,394 |

On behalf of the Management Board:


Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2021
Almaty


Sarinoџa Amankul Zhaksylykovna
Chief Accountant

16 March 2021
Almaty

The notes on pages 9-43 form an integral part of these financial statements.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

1. Organization

These financial statements reflect Pension Plan Assets (hereinafter - “the Plan”) as a reporting organization, in accordance with International Financial Reporting Standards (hereinafter - “IFRS”) (IAS) 26 “Accounting and Reporting by Retirement Benefit Plans”, are regulated by the pension legislation of the Republic of Kazakhstan and represents a defined contribution plan where pension contributions are accumulated and out of which benefits are paid.

On 21 June 2013, there were amendments enacted to the Law “On pensions in the Republic of Kazakhstan” (hereinafter - “the Law on pensions”). In accordance with the amended Law on pensions all mandatory pension, mandatory professional pension contributions in the Republic of Kazakhstan are performed by the Fund.

The Fund is a non-for-profit organisation. Its sole shareholder is the Government of the Republic of Kazakhstan, represented by the Committee of State Property and Privatisation of the Ministry of Finance of the Republic of Kazakhstan (hereinafter - the “CSPP”).

In accordance with the Law on pensions and the Agreement on fiduciary management signed by National Bank of the Republic of Kazakhstan (hereinafter - “the NBRK”) No. 362 dated 26 August 2013, the state portfolio of shares of the Fund was passed under the fiduciary management to the NBRK (hereinafter - “the Trustee”).

The NBRK performs fiduciary management in respect of pension assets in accordance with the Investment Declaration approved by the Resolution of the NBRK Board No. 10 dated 24 February 2020 and amendments approved by the Resolution of the NBRK Board No. 118 dated 21 September 2020, No.145 dated 21 December 2020.

Investment Declaration approved by the Resolution of the NBRK Board No. 86 dated 17 March 2016 and amendments approved by the Resolution of the NBRK Board No. 165 dated 28 August 2017, No. 326 dated 28 December 2018 and No. 135 dated 13 August 2019 was cancelled by the Resolution of the NBRK Board No. 10 dated 24 February 2020.

The investment declaration regulates the list of investment objects, goals, strategies and restrictions for the investment activity of the Plan, the conditions for hedging and diversification of pension assets of the Plan, taking into account the recommendations of the Council for National Fund of the Republic of Kazakhstan Management headed by the President of the Republic of Kazakhstan.

In addition, the NBRK may entrust pension assets to another party to take actions necessary to manage the pension assets of the Plan entrusted in accordance with the investment management agreement.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2020 *(in thousands of Kazakhstani Tenge)*

All employers' of Republic of Kazakhstan are liable to make mandatory contributions on behalf of their employees equal to 10% of employee's income, but not less than 10% of the minimum salary, established for the relevant financial year by the Law of Republic of Kazakhstan "On the Republican budget". Starting from 1 January 2019, a new type of tax regime was introduced for civilians carrying out entrepreneurial activities without registering as an individual comprehensive payment (ICP), 30% of which were accrued to individual pension accounts in the form of mandatory pension contributions. Additional voluntary contributions can be made by individuals and legal entities. Mandatory professional pension contributions are made by the employers at their own expense for the benefit of employees engaged in jobs with hazardous working conditions, in the amount of 5% of monthly income of the employee.

The pension provision system in Kazakhstan is a multi-level system, which consists of the solidarity and base component, the accumulative mandatory and voluntary savings components. The solidarity component is calculated, if there is a work experience not less than 6 months as at 1 January 1998, and guaranteed by the Government of the Republic of Kazakhstan and is calculated and provided by the State Corporation "Government for Citizens" (hereinafter - the "GC"). The mandatory accumulative pension component is based on savings adjusted for inflation are also guaranteed by the Government. Thus, if at the moment of occurrence of the right to receive pension from the Plan, the amount of accumulated pension is less than all the pension contributions made adjusted for the inflation rate, the Government guarantees to pay the difference.

Each participant has an individual pension account, which is credited with his/her contribution and allocation of the Plan's investment income and is charged with an allocation of commission expense. The amount of allocated investment income and charged commission expense are determined in accordance with the pension legislation of Republic of Kazakhstan. When the conditions defined by the Law on pensions are met, participants are entitled to receive pension benefits up to the amount of pension savings, accumulated on their individual pension accounts.

When a participant reaches pension age, payments of pension accumulations from the Plan are performed in accordance with schedule, within the limits of annual payment amount, defined by the pension legislation for the corresponding year.

On termination of service due to death or emigration outside the Republic of Kazakhstan, a participant (heir, in case of death) is entitled to receive a lump-sum amount accumulated on the individual pension account as it was defined by the legislation of Republic of Kazakhstan.

When a participant reaches age, as defined in the Law on pensions and sufficiency of pension accumulations on his/her pension account, he/she has an option either to transfer the accumulated pension benefits to any insurance company as a contribution towards a pension annuity agreement.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared assuming that the Plan is a going concern and will continue operation for the foreseeable future.

In accordance with IAS 1 “Presentation of Financial Statements”, the Plan may use titles for the statements other than those used in the Standard. The Plan has chosen the titles, which according to their judgment, they fully reflect its activities.

Statement of compliance

The accompanying financial statements are prepared in accordance with Financial Reporting Standard “Accounting and disclosure of operations with pension assets” approved by Regulation No. 195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 (hereinafter - “the FRS”). The FRS sets out certain specific accounting and financial reporting requirements in respect of the Plan, and stipulates that International Financial Reporting Standards (hereinafter - “IFRS”) apply for those areas not specifically addressed by the FRS. Specifically, the FRS establishes and stipulates guidelines on accounting of pension plan assets, initial recognition and subsequent accounting of financial assets, reclassification and derecognition of financial assets, impairment of financial assets at amortised cost and other financial assets, and defines the fair value of financial assets at fair value through profit or loss.

These financial statements are presented in thousands of Kazakhstani tenge (hereinafter - “KZT thousand”), unless otherwise indicated.

These financial statements have been prepared on the cost basis of account arrangement or purchase price of financial instruments, except for certain financial instruments that are measured at amortised cost or fair value at the end of each reporting period, as explained below.

Functional currency

Items included in the financial statements are measured using the currency of the primary of the economic environment in which the Plan operates (hereinafter - “the functional currency”).

The presentational currency of the financial statements of the Plan is the KZT thousand. All values are rounded to the nearest thousand Tenge, except when otherwise indicated.

Stipulations of accounting policy, described further, were implemented by the Plan subsequently in all reporting periods, presented in these financial statements.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Foreign currencies

In preparing financial statements, transactions in currencies other than the Plan's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

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

| | 31 December 2020 | 31 December 2019 |
|------------------------------|---------------------|---------------------|
| 1 United States Dollar (USD) | 420.91 | 382.59 |
| 1 Russian Rouble (RUB) | 5.62 | 6.16 |
| 1 Pound Sterling (GBP) | 574.88 | 503.41 |
| 1 Japanese Yen (JPY) | 4.09 | 3.52 |
| 1 Euro (EUR) | 516.79 | 429 |

Cash and cash equivalents

Cash and cash equivalents comprise current accounts at the NBRK.

Financial instruments

Classification

In accordance with the FRS the financial assets of the Plan are classified into one of the following categories:

- 1) measured at amortised cost;
- 2) measured at fair value.

The classification is performed in accordance with the Rules "On accounting and valuation of pension assets" developed by the NBRK in Decree No. 24 dated 26 February 2014 (hereinafter - "the Valuation Rules"). Deposits and receivables, and securities that have fixed redemption value and that have been acquired to match obligations of the Plan, are classified to the category "at amortised cost".

According to the FRS the reclassification of financial instruments between these categories is allowed at any time.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

According to the FRS it is allowed to sell financial assets at amortised cost directly from this category.

Recognition

Financial assets and liabilities are recognised in the statement of net assets available for benefits when the Plan becomes a party to the contractual provisions of the instrument. Financial assets are recognised at the trade date.

Measurement

A financial asset or liability is initially measured at its fair value. In the case of a financial asset or liability measured not at fair value, change of which reflected in profit or loss, such financial assets or liability is initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- deposits, receivables and financial instruments, which are measured at amortised cost using the effective interest method.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost.

Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Plan has access at that date. The fair value of a liability reflects its non-performance risk.

At subsequent measurement, fair values of the financial assets classified into the fair value through profit or loss category are determined in accordance with the Valuation Rules. Valuation Rules are also applied to determine fair value of financial assets classified into the “amortised cost” category.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Assessment of ordinary and preference shares of the first class of liquidity of organisations-residents of the Republic of Kazakhstan is performed weekly as at the end of the first working day of the week at the closing price of the previous trading day in the trading system of trades organiser.

Assessment of the Global Depository Receipts (hereinafter - "GDR") of organisations-residents and organisations-non-residents of the Republic of Kazakhstan is performed weekly as at the end of the first working day of the week at the closing price of the previous trading day according to the data of Bloomberg and Reuters informational-analytical systems.

Assessment of debt securities traded on the territory of the Republic of Kazakhstan and international (foreign) markets, classified "at fair value" is performed weekly as at the end of the first working day of the week at the closing price of the previous trading day according to the data of Bloomberg and Reuters informational-analytical systems.

Assessment of shares (GDRs) of organisation-residents of the Republic of Kazakhstan that are not considered as liquid, debt securities traded exclusively on the territory of the Republic of Kazakhstan, which have no market rates in Bloomberg and Reuters informational-analytical systems, structural notes is performed by an appraiser not less than twice per year in accordance with the Law of the Republic of Kazakhstan dated 30 November 2000 "On appraising activity in the Republic of Kazakhstan".

Gains and losses on subsequent measurement

A gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in statement of profit and loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in the statement of profit and loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

Derecognition

The Plan derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Plan is recognised as a separate asset or liability in the statement of net assets available for benefits. The Plan derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Plan writes off assets when 180 days pass after the carrying amount becomes nil either as a result of impairment or fair value adjustment.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Amounts receivable under reverse repurchase agreements

Securities purchased under agreements to resell (“the reverse repo”) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the reverse repo agreement.

Assets under investment management of foreign organisations

Accounting of pension assets, transferred by the NBRK to another party (“the asset manager”), in accordance with the investment management agreements dated 6 March 2018, 30 January 2019, 7 November 2019 and 27 July 2020 are carried out on the basis of the total amount transferred to asset manager without specification of financial instruments. Accounting is performed based of foreign custodian reports.

The change in value of pension assets is recognised in the statement of profit and loss as gain/loss on assets under investment management of foreign organisations.

Revaluation of assets under investment management of foreign organisations is carried out at least 1 (one) time per month.

Derivative financial instruments

Derivative financial instruments include swap, forward, futures, spot transactions and options in interest rate, foreign exchange, precious metals and stock markets, and any combinations of these instruments.

The Pension Plan assets are invested in derivative financial instruments in accordance with the Investment Declaration, according to which the investment limit is set at no more than 10% of the Pension Plan assets.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in profit or loss. Derivatives may be embedded in another contractual arrangement (“the host contract”). An embedded derivative is separated from the host contract and it is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment

Objective evidence that financial assets are impaired include default or delinquency by a borrower, bankruptcy or liquidation of the borrower.

Impairment test of the Plan's financial assets is performed according to the Methodology on impairment of pension assets ("Methodology"), approved by the minute of NBRK Committee on valuation of financial instruments comprising of the Plan's pension assets No. 1 dated 13 July 2015 (with amendments dated 13 August 2019). According to the Methodology, impairment test is performed based on the following major criteria:

- the presence of the guarantee or surety of the Government of the Republic of Kazakhstan;
- the availability of collateral;
- measures taken by the issuer of the security to improve its financial situation and (or) execution of obligations: a partial fulfilment of the obligations, additional capitalisation of the share capital, the appropriation/upgrade by international rating agencies, the initiation of the procedure of restructuring and optimisation of the debt burden, or other specific measures.

The Plan monthly assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the Plan determines the amount of any impairment loss.

The amount of the decrease in the value of a financial instrument classified as "at fair value" is calculated from the carrying amount of the asset.

The amount of provisions for impairment losses for financial instruments classified as "at amortized cost" is calculated as a percentage of amortised cost excluding reserves (provisions) for impairment losses and taking into account accumulated interest.

Depending on the identified impairment indicators and the presence of one of the above criteria, the size of reserves (provisions) or the size of the negative adjustment of the value of financial instruments is determined.

All impairment losses are recognised in the statement of profit and loss.

Taxation

The Plan is not subject to income taxes.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Income and expense recognition

Interest income is recognised in the statement of profit and loss using the effective interest method. Interest income in respect of the securities that are in default for more than 180 days is not recognised.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in gains less losses from financial instruments at fair value through profit or loss, respectively.

Dividend income is recognised in the statement of profit and loss on the date that the dividend is declared.

Commission expense

Commission expense is recognised using the accrual method when the corresponding service is provided in accordance with the Rules for charging commissions by the unified accumulative pension fund approved by the Resolution of the National Bank of the Republic of Kazakhstan No. 185 dated 26 July 2013. The basis for calculating the expense is explained in details in Note 9.

Pension contributions, transfers and benefits paid

Pension contributions are accounted for when contributions are received by the Plan's custodian. Benefits paid and pension transfers are recognised when the Plan has an obligation to pay or transfer pensions, which arise at the request of one of the Plan's participants in accordance with the pension legislation.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Fair value measurement and valuation process

Part of financial assets and financial liabilities of the Plan are measured at fair value. In estimating the fair value of a financial asset or a liability, the Plan uses available market-observable data. Where such Level 1 inputs are not available, the Plan engages independent appraisers. Information about valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in Note 23.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

4. Interest income

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|-----------------------------------|-----------------------------------|
| Interest income comprises: | | |
| Financial assets recorded at amortised cost: | | |
| - unimpaired financial assets | 682,124,134 | 428,076,443 |
| Financial assets at fair value | 124,103,069 | 220,789,390 |
| Total interest income | 806,227,203 | 648,865,833 |
| Financial assets recorded at amortised cost comprises: | | |
| Financial assets at amortised cost | 632,103,523 | 381,074,337 |
| Bank deposits | 45,530,168 | 46,875,094 |
| Amounts receivable under reverse repurchase agreements | 4,490,443 | 127,012 |
| Total interest income on financial assets recorded at amortised cost | 682,124,134 | 428,076,443 |
| Financial assets at fair value: | | |
| Financial assets at fair value through profit or loss | 124,103,069 | 220,789,390 |
| Total interest income on financial assets at fair value | 124,103,069 | 220,789,390 |
| Total interest income | 806,227,203 | 648,865,833 |

5. Dividend income

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|--|-----------------------------------|-----------------------------------|
| Equity Securities: | | |
| Ordinary shares of JSC Halyk Bank | 12,264,375 | 7,740,630 |
| GDR of JSC National Atomic Company Kazatomprom | 4,605,203 | 3,919,405 |
| Ordinary shares of JSC KEGOC | 1,924,053 | 1,171,598 |
| GDR of JSC Halyk Bank | 1,322,219 | 834,202 |
| Ordinary shares of JSC KazTransOil | 1,241,546 | 1,094,244 |
| Preference shares of JSC Atameken-Agro | 800,647 | 1,760,495 |
| GDR of JSC Sberbank Russia | 636,781 | 594,379 |
| Preference shares of JSC Fincraft Resources | 525,954 | 262,977 |
| GDR of JSC Kcell | 421,378 | 260,692 |
| Ordinary shares of JSC Kazakhtelecom | 285,637 | 286,720 |
| GDR of PJSC Gasprom | 276,481 | 307,509 |
| Ordinary shares of JSC ForteBank | 220,641 | 118,134 |
| Ordinary shares of RIOTINTO PLC | 183,906 | 277,772 |
| Ordinary shares of JSC Kcell | 154,438 | 102,478 |
| Preference shares of JSC Nurbank | 120,398 | 120,398 |
| GDR of PJSC MMC Norilsk Nickel | 104,093 | 101,578 |
| Others – domestic equity | 240,880 | 85,724 |
| Others - foreign equity | 120,694 | 159,505 |
| Total dividend income | 25,449,324 | 19,198,440 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

6. Net gain on financial assets

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|--|-----------------------------------|-----------------------------------|
| Net gain /(loss) on operations with financial assets at fair value through profit or loss | 80,304,084 | (13,196,874) |
| Net gain on operations with financial assets at amortised cost | 6,859,526 | 36,630,023 |
| Total net gain on financial assets | 87,163,610 | 23,433,149 |
| | Year ended 31 December 2020 | Year ended 31 December 2019 |
| Net gain/(loss) on operations with financial assets at fair value through profit or loss comprises: | | |
| Change in fair value, net | 85,794,027 | (32,997,803) |
| Dealing, net | (5,489,943) | 19,800,929 |
| Total net gain/(loss) on operations with financial assets at fair value through profit or loss | 80,304,084 | (13,196,874) |
| | Year ended 31 December 2020 | Year ended 31 December 2019 |
| Change in fair value, net: | | |
| Government bonds of the Ministry of Finance of the Republic of Kazakhstan | 52,575,522 | (68,717,721) |
| JSC National Atomic Company Kazatomprom | 29,816,958 | (4,889,862) |
| JSC Kcell | 5,901,051 | 7,794,045 |
| JSC Fincraft Resources | 5,395,035 | - |
| JSC Halyk Bank | (4,169,611) | 23,264,188 |
| National Bank of the Republic of Kazakhstan | (2,642,430) | 345,649 |
| PJSC Sberbank Russia | (217,589) | 3,760,027 |
| Government bonds of the Republic of Azerbaijan | - | 3,648,043 |
| Other | (864,909) | 1,797,828 |
| Total change in fair value, net | 85,794,027 | (32,997,803) |
| | Year ended 31 December 2020 | Year ended 31 December 2019 |
| Net gain on operations with financial assets at amortised cost comprises: | | |
| Dealing, net | 6,859,526 | 36,630,023 |
| Total net gain on operations with financial assets at amortised cost | 6,859,526 | 36,630,023 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

7. Net gain/(loss) on foreign exchange operations

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|-----------------------------------|-----------------------------------|
| Translation difference, net | 291,024,707 | (7,373,311) |
| Dealing, net | (80,589) | 258,858 |
| Total net gain/(loss) on foreign exchange operations | 290,944,118 | (7,114,453) |

8. Commission expense

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|-----------------------------------|-----------------------------------|
| Commission expense on investment income | 27,797,468 | 40,563,014 |
| Commission expense on pension assets | 14,858,772 | 17,447,564 |
| Total commission expense | 42,656,240 | 58,010,578 |

In accordance with the Law on pensions, the Fund is authorised to receive a commission from the Plan not exceeding 7.5% of investment income and not exceeding 0.025% per month of total pension assets.

In 2020, the Plan accrued commission expenses on investment income from pension plan assets of 2.00% (2019: 5.00%). The calculation and accrual of commission expense is made on a monthly basis and the investment income from the Pension Plan assets accrued for the month is used to calculate the results of which the value of the Pension Plan assets is calculated, which is used for the calculation of the commission expense of the Pension Plan assets.

In 2020, the Plan accrued commission expenses of 0.011% per month on pension plan assets (2019: 0.015% per month). The calculation is performed on a monthly basis and for the calculation uses the value of the pension Plan assets as at the beginning first day of the month preceding the month for which the calculation and accrual of commission expenses is made. In the calculation, the Plan uses the value of pension plan assets without accrual of investment income from pension plan assets estimated in accordance with the Valuation rules.

Commission expenses rates on pension plan assets and on investment income from pension plan assets for 2020 were determined in accordance with regulation No. 179 of the Management Board of the NBRK dated 11 November 2019.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

9. Cash and cash equivalents

| | 31 December 2020 | 31 December 2019 |
|---|---------------------|---------------------|
| Current accounts with the National Bank of the Republic of Kazakhstan | 34,531,993 | 521,573,950 |
| Total cash and cash equivalents | 34,531,993 | 521,573,950 |

As at 31 December 2020 and 2019, cash and cash equivalents are neither impaired nor past due.

10. Amounts receivable under reverse repurchase agreements

| | 31 December 2020 Carrying value | 31 December 2020 Fair value |
|---|--|--------------------------------------|
| Bonds of JSC Kazakhstan Sustainability Fund | 16,981,792 | 16,981,792 |
| Bonds of JSC KazAgroFinance | 9,266,487 | 9,266,843 |
| Total amounts receivable under reverse repurchase agreements | 26,248,279 | 26,248,635 |

As at 31 December 2019, the amounts receivable under reverse repurchase agreements are nil.

11. Bank deposits

| | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| National Bank of the Republic of Kazakhstan | 332,187,500 | 138,000,000 |
| Development Bank of Singapore Ltd. | 126,290,140 | 31,787,519 |
| BANK OF NOVA SCOTIA | 67,777,117 | 129,212,529 |
| JSC Halyk Bank | 66,847,576 | 66,847,576 |
| JSC SB Sberbank of Russia | 51,324,137 | 51,324,137 |
| JSC Eurasian Bank | 48,352,000 | 48,352,000 |
| ING BANK N.V. | 46,729,420 | - |
| SOCIETE GENERALE PARIS | 42,100,786 | 15,197,006 |
| JSC ForteBank | 41,174,028 | 41,174,027 |
| JSC ATF Bank | 20,535,671 | 20,535,671 |
| JSC Kaspi Bank | 20,301,918 | 20,301,918 |
| JSC Bank RBK | 3,176,693 | 3,176,693 |
| CREDIT AGRICOLE CIB (HONGKONG BRANCH) | - | 76,959,647 |
| BANK OF TOKYO-MITSUBISHI, LTD., THE(LONDON BRANCH) | - | 38,387,487 |
| Natixis (Capital Market) Paris | - | 30,620,395 |
| HSBC BANK PLC (ALL U.K. OFFICES) | - | 6,254,678 |
| JSC SB Alfa-Bank | - | 3,197,444 |
| Total bank deposits | 866,796,986 | 721,328,727 |

As at 31 December 2020, the accrued interest income amounted KZT 6,845,466 thousand (31 December 2019: KZT 7,962,250 thousand) and was included in the bank deposits.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The analysis of changes of allowance for impairment losses for the years ended 31 December 2020 and 2019 is presented in the table below:

| | 2020 | 2019 |
|---------------------------------------|----------|-------------|
| Balance at the beginning of the year | - | 1,057,984 |
| Write-off | - | (1,057,984) |
| Balance at the end of the year | - | - |

12. Financial assets at fair value through profit or loss

| | 31 December 2020 | 31 December 2019 |
|--|----------------------|----------------------|
| Financial assets designated at fair value through profit or loss: | | |
| Debt securities | 2,720,889,691 | 1,440,829,739 |
| Equity securities | 324,811,114 | 268,388,459 |
| Total financial assets at fair value through profit or loss | 3,045,700,805 | 1,709,218,198 |

| | 31 December 2020 | 31 December 2019 |
|--|----------------------|----------------------|
| Debt securities: | | |
| Government bonds | | |
| Bonds of Ministry of Finance of the Republic of Kazakhstan | 1,629,070,383 | - |
| US treasury bills | 944,803,720 | 924,572,284 |
| Notes of NBRK | 81,648,210 | 443,712,133 |
| Bonds of Ministry of Finance of Russian Federation | - | 3,530,620 |
| Total government bonds | 2,655,522,313 | 1,371,815,037 |
| Corporate bonds: | | |
| Merrill Lynch | 18,880,860 | 17,075,455 |
| JSC ForteBank | 14,636,386 | 22,042,978 |
| JSC Doszhan Temir Zholy | 13,760,132 | 15,332,747 |
| JSC Fincraft Resources | 5,276,082 | - |
| Bank of America, N.A. | 3,656,741 | 3,738,153 |
| Commerzbank AG | 2,487,358 | 2,529,427 |
| JSC KazExportAstyk | 2,445,431 | 3,962,533 |
| Societe Generale | 2,405,921 | 2,278,118 |
| JSC Bank CenterCredit | 1,388,241 | 1,262,119 |
| JSC Abdi | 383,276 | 602,939 |
| JSC Halyk Bank | 46,950 | 42,797 |
| JSC Ekoton + | - | 147,436 |
| Total corporate bonds | 65,367,378 | 69,014,702 |
| Total debt securities | 2,720,889,691 | 1,440,829,739 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

| | 31 December 2020 | 31 December 2019 |
|--|----------------------|----------------------|
| Equity securities: | | |
| GDR of JSC National Atomic Company Kazatomprom | 98,033,271 | 62,122,186 |
| Ordinary shares of JSC Halyk Bank | 87,488,388 | 91,214,494 |
| Ordinary shares of JSC KEGOC | 31,760,724 | 15,403,090 |
| GDR of JSC Kcell | 29,006,581 | 24,444,569 |
| GDR of PJSC SB Sberbank of Russia | 10,857,645 | 11,080,861 |
| Ordinary shares of JSC KazTransOil | 9,877,586 | 10,889,829 |
| Ordinary shares of JSC Kazakhtelecom | 9,641,898 | 9,860,982 |
| GDR of JSC Halyk Bank | 9,586,764 | 10,040,016 |
| Ordinary shares of JSC Kcell | 9,395,507 | 8,047,923 |
| GDR of JSC Gasprom | 4,537,034 | 6,194,225 |
| Ordinary shares of PLC Rio Tinto | 3,697,856 | 2,642,383 |
| Ordinary shares of KAZ Minerals PLC | 2,945,276 | 2,233,716 |
| Ordinary shares of JSC ForteBank | 2,446,403 | 1,953,401 |
| Ordinary shares of JSC Bayan Sulu | 1,899,810 | 1,510,120 |
| Ordinary shares of Mcomoran Copper | 1,878,185 | 897,327 |
| GDR of PJSC MMC Norilsk Nickel | 1,581,382 | 1,391,212 |
| GDR of NEWMONT MINING CORP | 1,578,311 | 1,013,106 |
| Ordinary shares of JSC Bank CenterCredit | 1,090,751 | 1,148,194 |
| Preferred shares of JSC Atameken Agro | 1,211,047 | 1,107,174 |
| Preferred shares of JSC Fincraft Resources | 1,159,729 | - |
| GDR of JSC VTB Bank | 1,021,217 | 1,389,294 |
| GDR of ORANGE | 836,998 | 906,490 |
| Preferred shares of JSC Nurbank | 682,055 | 623,011 |
| Ordinary shares of BARRICK GOLD CORP | 653,291 | 476,349 |
| Ordinary shares of JSC KazTransCom | 625,928 | 575,797 |
| Ordinary shares of CATERPILLAR INC | 377,893 | 283,652 |
| GDR of POSCO | 258,018 | 197,684 |
| Preferred shares of JSC Kazakhtelecom | 221,941 | 230,680 |
| GDR of CHINA MOBILE LTD-SPON | 201,790 | 270,373 |
| Ordinary shares of JSC ATF Bank | 115,735 | 129,623 |
| GDR of VALE DE RIO DOCE SA | 74,952 | 54,726 |
| Ordinary shares of JSC Nurbank | 67,131 | 55,956 |
| GDR of JSC Kazakhtelecom | 17 | 16 |
| Total equity securities | 324,811,114 | 268,388,459 |
| Total financial assets at fair value through profit or loss | 3,045,700,805 | 1,709,218,198 |

As at 31 December 2020, the accrued interest income of KZT 99,573,591 thousand (31 December 2019: KZT 1,221,557 thousand) was included in financial assets at fair value through profit or loss.

Reclassification

During the year ended 31 December 2019, securities with a total carrying amount of KZT 3,186,969,268 thousand were reclassified from “fair value” into “amortised cost” category, and securities with a total carrying amount of KZT 48,819,156 thousand were reclassified from “amortised cost” into “fair value” category. The reclassification of financial instruments is allowed at any time in accordance with FRS (Note 2). The net gain from reclassification in the the total amount of KZT 277,348 thousand was included in the net gain on financial assets in the statement of profit and loss for the year ended 31 December 2019.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Revaluation

During 2020, in accordance with the Law of the Republic of Kazakhstan dated 30 November 2000 “On appraising activity in the Republic of Kazakhstan”, the non-liquid pension assets of the Plan was revalued by independent appraiser as at 1 June and 1 November 2020 (2019: as at 1 May and 1 October 2019).

13. Derivative financial assets and liabilities

| | 31 December 2020 | 31 December 2019 |
|---|---------------------|---------------------|
| Derivative financial assets | | |
| USD/KZT | - | 16,701,465 |
| USD/JPY | - | 2,371,728 |
| Total derivative financial assets | - | 19,073,193 |
| Derivative financial liabilities | | |
| EUR/USD | - | 675,371 |
| Total derivative financial liabilities | - | 675,371 |

As at 31 December 2020, the derivative financial assets and liabilities represents currency swaps. For the year ended, the net (loss)/gain from derivative financial assets and liabilities in the amount of KZT 5,489,943 thousand (Note 6) (as at 31 December 2019: KZT 19,800,929 thousand) was recognised.

14. Financial assets at amortised cost

| | 31 December 2020 | 31 December 2019 |
|---|-----------------------------|-----------------------------|
| Financial assets at amortised cost: | | |
| Government bonds | 4,354,624,356 | 4,231,248,168 |
| Corporate bonds | 3,772,682,119 | 3,382,064,627 |
| Total financial assets at amortised cost | 8,127,306,475 | 7,613,312,795 |
| | 31 December 2020 | 31 December 2019 |
| Government bonds: | | |
| Ministry of Finance of the Republic of Kazakhstan | 4,019,329,046 | 3,924,293,822 |
| Government of the Russian Federation | 109,322,036 | 100,259,887 |
| Government of Republic of Indonesia | 70,258,397 | 64,324,522 |
| Government of the United Mexican States | 45,830,190 | 41,875,716 |
| Government of Republic of Philippines | 27,505,921 | 25,211,337 |
| Government of Republic of Peru | 23,784,518 | 21,877,865 |
| Government of Republic of Chili | 22,100,229 | 20,073,150 |
| Government of Republic of Poland | 20,896,563 | 19,059,347 |
| Government of Brazil | 15,597,456 | 14,272,522 |
| Total government bonds | 4,354,624,356 | 4,231,248,168 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

| | 31 December 2020 | 31 December 2019 |
|--|----------------------|----------------------|
| Corporate bonds: | | |
| JSC National Managing Holding KazAgro | 633,103,088 | 626,848,811 |
| JSC Halyk Bank | 509,736,185 | 501,881,010 |
| European Bank for Reconstruction and Development | 442,552,344 | 293,275,826 |
| JSC Development Bank of Kazakhstan | 299,036,541 | 274,609,943 |
| JSC National Company Kazakhstan Temir Zholy | 257,669,917 | 283,096,690 |
| JSC Kaspi Bank | 194,121,785 | 190,148,222 |
| JSC National Managing Holding Baiterek | 158,656,229 | 71,800,947 |
| JSC ATF Bank | 151,032,632 | 150,744,304 |
| JSC Kazakhstan Sustainability Fund | 147,145,245 | - |
| JSC AstanaGas KMG | 96,041,397 | 87,310,361 |
| JSC KEGOC | 68,884,177 | 68,483,463 |
| JSC Bank RBK | 68,269,256 | 62,017,952 |
| Eurasian Development Bank | 63,225,907 | 42,830,479 |
| JSC National Welfare Fund Samruk-Kazyna | 63,111,713 | 60,288,000 |
| JSC Bank CenterCredit | 60,721,928 | 60,398,270 |
| JSC ForteBank | 52,109,135 | 52,109,039 |
| JSC Agrarian Credit Corporation | 48,897,763 | 14,475,030 |
| JSC JSC First Heartland Jysan Bank | 39,204,284 | 43,366,636 |
| JSC Kazakhtelecom | 38,356,532 | 38,356,532 |
| Sinopec Group Overseas Development | 36,754,762 | 33,230,586 |
| PJSC Gasprom | 35,260,746 | 31,802,646 |
| Subsidiary of State Grid Corporation of China | 33,985,892 | 30,800,950 |
| PERUSAHAAN LISTRIK NEGAR | 25,724,627 | 23,387,624 |
| PJSC Sberbank of Russia | 21,335,018 | 19,727,560 |
| Asian Bank of Development | 20,814,445 | 20,757,357 |
| JSC Nurbank | 18,270,109 | 17,677,338 |
| JSC Eurasian Bank | 14,301,480 | 13,691,524 |
| JSC Home Credit Bank | 12,672,808 | 12,641,385 |
| EXPORT-IMPORT BANK INDIA | 11,427,581 | 10,360,170 |
| JSC Kazakhstan Mortgage Company | 10,762,846 | 15,977,837 |
| EXPORT-IMPORT BANK CHINA | 10,868,624 | 9,816,885 |
| AVI FUNDING CO LTD | 10,507,527 | 9,528,416 |
| EMPRESA NACIONAL DEL PET | 10,436,163 | 9,457,169 |
| THREE GORGES FIN I KY | 10,112,006 | 9,119,802 |
| INDIAN RAILWAY FINANCE | 9,607,611 | 8,677,438 |
| PERTAMINA PERSERO PT | 8,510,253 | 7,760,348 |
| SB JSC Sberbank of Russia | 8,105,087 | 37,423,009 |
| BANCO NACIONAL COM EXT | 8,046,982 | 7,310,341 |
| JSC SB Alfa Bank | 7,645,573 | 7,645,573 |
| PELABUHAN INDONESIA III | 7,518,772 | 6,834,733 |
| PJSC Rosneft | 7,075,739 | 6,305,316 |
| JSC AsiaCredit Bank | 6,229,670 | 10,199,328 |
| Merrill Lynch | 5,477,391 | 4,772,511 |
| CODELCO INC | 5,324,691 | 4,813,157 |
| JSC SevKazEnerg | 5,301,736 | 5,815,729 |
| International Financial Corporation (IFC) | 4,836,198 | 4,836,084 |
| PJSC UNICREDITBA AG | 3,464,880 | 3,432,974 |
| Three Gorges Finance I (Cayman Islands) Ltd. | 3,329,395 | 3,018,070 |
| JSC Kcell | 2,630,972 | 2,630,972 |
| Barclays Bank PLC | 2,189,249 | 2,019,775 |
| Southern Copper | 615,160 | 558,713 |
| Rongshi International Finance Ltd. | 612,052 | 553,530 |
| Citigroup Inc | 431,467 | 406,418 |
| Astrazeneca PLC | 409,742 | 372,040 |
| IBM CORP | 208,807 | 187,986 |
| JSC KazMunayGas | - | 63,709,063 |
| Morgan Stanley | - | 2,762,755 |
| Total corporate bonds | 3,772,682,119 | 3,382,064,627 |
| Total financial assets at amortised cost | 8,127,306,475 | 7,613,312,795 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

As at 31 December 2020, the accrued interest income amounted KZT 243,140,962 thousand (31 December 2019: KZT 207,742,378 thousand) is included in financial assets carried at amortised cost.

15. Assets under investment management of foreign organisations

During 2019, the NBRK, in accordance with the Rules for the selection of foreign organisations managing pension assets of the JSC Unified Accumulative Pension Fund, including requirements for them, instructed by them to perform actions necessary to manage pension assets of the UAPF, approved by the Resolution of the Board of the NBRK No. 232 dated 27 September 2018, 27 July 2020 (2019: No. 173 dated 30 January and 7 November 2019) the NBRK concluded an Investment Management Agreement with a foreign organisations:

| | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| Assets under investment management of foreign organisations: | | |
| PGIM Limited | 221,925,068 | 38,259,000 |
| Principal Global Investors (Europe) Limited | 220,264,555 | 38,287,616 |
| HSBC Global Asset Management (UK) Limited | 164,217,550 | 38,387,757 |
| Aviva Investors Global Services Limited | 117,577,181 | 96,950,819 |
| Robeco Institutional Asset Management B.V. | 92,541,006 | - |
| Total assets under investment management of foreign organisations | 816,525,360 | 211,885,192 |

For the year ended 31 December 2020, the net gain on assets under investment management of foreign organisations is KZT 50,249,168 thousand (31 December 2019: KZT 12,941,942 thousand).

16. Other assets

| | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| Principal and interest on financial instruments – unimpaired | - | 13,483,076 |
| Overdue principal and interest on financial instruments - impaired | - | 6,483 |
| Total other assets | - | 13,489,559 |

As at 31 December 2020, other assets included accrued interest income for amount of KZT Nil (31 December 2019: KZT 6,483 thousand).

As at 31 December 2019, principal and interest on financial instruments – unimpaired, included short-term receivables on financial instruments, for which coupon period is due, but period of interest repayments is not due in accordance with the securities prospectus.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The analysis of changes of allowance for impairment losses for the years ended 31 December 2020 and 2019, is presented in the table below:

| | 2020 | 2019 |
|--------------------------------------|------|-----------|
| Balance at the beginning of the year | - | 312,498 |
| Write-offs | - | (312,498) |
| Balance at the end of the year | - | - |

17. Pension contributions received

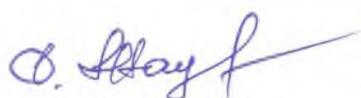
| | 31 December 2020 | 31 December 2019 |
|---|----------------------|---------------------|
| Mandatory pension contributions | 1,037,253,818 | 946,087,635 |
| Mandatory professional pension contributions | 46,877,465 | 43,400,169 |
| Penalties for undue payments of pension contributions | 1,378,796 | 1,318,426 |
| Voluntary pension contributions | 538,667 | 356,169 |
| Other contributions | 471,570 | 168,694 |
| Total pension contributions received | 1,086,520,316 | 991,331,093 |

18. Benefits paid

| | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| On retirement | 66,770,458 | 68,199,288 |
| To contributors leaving the Republic of Kazakhstan | 33,139,337 | 45,462,762 |
| To heirs | 32,933,098 | 25,152,694 |
| For burial services | 4,403,197 | 3,204,381 |
| To disabled people | 1,679,729 | 1,886,316 |
| By court order | 18,929 | 86,173 |
| On seniority | 16,135 | 37,924 |
| Total benefits paid | 138,960,883 | 144,029,538 |
| Transfers to insurance companies | 46,325,642 | 56,920,947 |
| Withholding tax deducted from benefits on payment | 8,142,048 | 9,239,889 |
| Total benefits paid | 193,428,573 | 210,190,374 |

19. Risk management

Management of risk is fundamental to the business and is an essential element of the Plan's operations. The major risks faced by the Plan are those related to market risk, which includes price, interest and currency risks and credit risk and liquidity risk.



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Risk management policies and procedures

The Plan's risk management policies aim to identify, analyse and manage the risks faced by the Plan, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. The Plan's risk management system complies with the requirements of the Investment Declaration. In accordance with clause 4.1.8 of the Agreement on State Procurement of Trust Management Services for Pension Assets of JSC Unified Accumulative Pension Fund dated 26 August 2013, the Trustee shall ensure the availability of a risk management system when performing investment activities. The risk management system adopts an integrated approach, which sets controls aimed at timely identification, assessment and prevention of events that might cause interruption to the Plan's normal operations. The Plan's risk management procedures are set and operated by the Fund. The Fund carries out post-monitoring of the portfolio of pension assets, in management reporting, in which methods for assessing investment risks using various instruments are detailed and widely used. Consideration of reporting on the condition and exposure of the portfolio of pension assets to financial risks is carried out on a monthly basis.

The Board of Directors of the Fund approves the Plan's internal policies and procedures and has overall responsibility for oversight of the risk management framework. The Board approves internal regulatory documents on minimizing non-financial risks, which use tools for self-assessment of operational risks, methods for monitoring key risk indicators, which are leading indicators and reflect potential sources of operational risks, management methods of the internal system, which are the separation of powers, determination of the responsibility of the subjects of internal control with subsequent control of operations at each stage of the process and following the hierarchy/sequence of mandatory approval procedures by responsible persons/managers and in the continuous monitoring of the internal control system in the Fund.

The Fund appoints responsible officers within each function, whose duties are to develop and regularly update the business process matrix and assess potential and identified risks inherent in these business processes.

Based on the results of using the above tools, within the framework of the operational risk management system, a risk mitigation plan is developed and approved, aimed both at eliminating the causes of risk realization and minimizing the consequences in case of risk events and potential risks.

Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, and equity prices will affect the Plan's change in net assets available for benefits or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The management of interest rate risk by monitoring the interest rate gap is supplemented by monitoring the sensitivity of the net interest income of the Plan's change in net assets available for benefits to various standard and non-standard interest rate scenarios.



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Plan's change in pension assets or the value of its portfolios of financial instruments.

Interest rate sensitivity analysis

An analysis of sensitivity of the Plan's projected change in the net assets available for benefits of the Plan to changes in the market interest rate based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of financial assets at fair value through profit or loss existing as at 31 December 2020 and 2019 is as follows:

Impact on net profit for the year:

| | 31 December 2020 | 31 December 2019 |
|----------------------|---------------------|---------------------|
| 100 bp parallel rise | (1,344,617) | (1,982,978) |
| 100 bp parallel fall | 1,475,947 | 2,130,433 |

Currency risk

The Plan has assets and liabilities denominated in several foreign currencies.

Currency risk arises in cases where existing or projected assets denominated in a foreign currency are greater or less than existing or projected liabilities expressed in the same currency. The Plan does not hedge its exposure to currency risk.



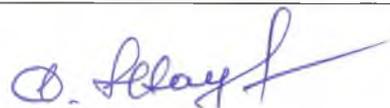
Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2020:

| | KZT | USD | RUB | GBP | Other currencies | Total |
|---|----------------------|----------------------|-------------------|------------------|---------------------|-----------------------|
| Assets | | | | | | |
| Cash and cash equivalents | 24,132,323 | 918,088 | 9,123,369 | 312,036 | 46,177 | 34,531,993 |
| Amounts receivable under reverse repurchase agreements | 26,248,279 | - | - | - | - | 26,248,279 |
| Bank deposits | 583,899,522 | 282,897,464 | - | - | - | 866,796,986 |
| Financial assets at fair value through profit or loss | 1,907,798,644 | 1,126,365,734 | 4,893,278 | 6,643,132 | 17 | 3,045,700,805 |
| Financial assets at amortised cost | 6,623,701,535 | 1,500,140,060 | 3,464,880 | - | - | 8,127,306,475 |
| Assets under investment management of foreign organisations | - | 816,525,360 | - | - | - | 816,525,360 |
| Total assets | 9,165,780,303 | 3,726,846,706 | 17,481,527 | 6,955,168 | 46,194 | 12,917,109,898 |
| Liabilities | | | | | | |
| Commission payable | 1,948,749 | - | - | - | - | 1,948,749 |
| Claims of pension beneficiaries | 781,742 | - | - | - | - | 781,742 |
| Other financial liabilities | 1,387 | - | 15 | - | - | 1,402 |
| Total liabilities | 2,731,878 | - | 15 | - | - | 2,731,893 |
| Net position | 9,163,048,425 | 3,726,846,706 | 17,481,512 | 6,955,168 | 46,194 | 12,914,378,005 |




Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2019:

| | KZT | USD | EUR | JPY | RUB | GBP | Other currencies | Total |
|---|----------------------|----------------------|--------------------|--------------------|-------------------|------------------|------------------|-----------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | 12,219,559 | 214,264,389 | 170,581,207 | 124,174,531 | 233,681 | 100,583 | - | 521,573,950 |
| Bank deposits | 392,909,466 | 306,967,577 | - | - | 21,451,684 | - | - | 721,328,727 |
| Financial assets at fair value through profit or loss | 631,592,478 | 1,064,411,439 | 16 | - | 8,338,166 | 4,876,099 | - | 1,709,218,198 |
| Derivative financial assets | 16,701,465 | 2,371,728 | - | - | - | - | - | 19,073,193 |
| Financial assets at amortised cost | 6,144,993,849 | 1,462,123,217 | - | - | 3,432,974 | - | 2,762,755 | 7,613,312,795 |
| Assets under investment management of foreign organisations | - | 211,885,192 | - | - | - | - | - | 211,885,192 |
| Other financial assets | 13,481,729 | 7,830 | - | - | - | - | - | 13,489,559 |
| Total assets | 7,211,898,546 | 3,262,031,372 | 170,581,223 | 124,174,531 | 33,456,505 | 4,976,682 | 2,762,755 | 10,809,881,614 |
| Liabilities | | | | | | | | |
| Commission payable | 5,227,942 | - | - | - | - | - | - | 5,227,942 |
| Claims of pension beneficiaries | 2,275,305 | - | - | - | - | - | - | 2,275,305 |
| Derivative financial liabilities | - | 675,371 | - | - | - | - | - | 675,371 |
| Other financial liabilities | 5,045 | 174 | - | - | 3,433 | - | - | 8,652 |
| Total liabilities | 7,508,292 | 675,545 | - | - | 3,433 | - | - | 8,187,270 |
| Net position | 7,204,390,254 | 3,261,355,827 | 170,581,223 | 124,174,531 | 33,453,072 | 4,976,682 | 2,762,755 | 10,801,694,344 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The following table details the Plan's sensitivity to 10% an increase and decrease in the USD and other currencies against the KZT as at 31 December 2020 and 2019. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates.

Impact on net profit for the year:

| | Year ended 31 December 2020 |
|--|-----------------------------------|
| 10% appreciation of USD against KZT | 372,684,671 |
| 10% depreciation of USD against KZT | (372,684,671) |
| 10% appreciation of other currencies against KZT | 2,448,287 |
| 10% depreciation of other currencies against KZT | (2,448,287) |

| | Year ended 31 December 2019 |
|--|-----------------------------------|
| 10% appreciation of USD against KZT | 326,135,583 |
| 10% depreciation of USD against KZT | (326,135,583) |
| 10% appreciation of other currencies against KZT | 33,594,826 |
| 10% depreciation of other currencies against KZT | (33,594,826) |

Equity price risk

Equity price risk is the risk that the value of an equity financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market.

An analysis of the sensitivity of the statement of profit and loss of the Plan for the year to changes in equity securities prices based on positions existing as at 31 December 2020 and 2019 and a simplified scenario of a 5% change in equity securities at fair value through profit or loss prices is as follows:

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|-----------------------------------|-----------------------------------|
| 5% increase in equity securities prices | 16,240,556 | 13,419,423 |
| 5% decrease in equity securities prices | (16,240,556) | (13,419,423) |

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a counterparty (issuer) on their obligation to the Plan. The Fund has developed policies and procedures for the management of credit exposures, including limits on individual financial instruments. The Fund continuously monitors limits for each issuer and regularly assesses the creditworthiness of each issuer. The review is based on the issuer's most recent financial statements and other information submitted by the issuer or otherwise obtained by the Fund.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the statement of net assets available for benefits. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

| | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | 34,531,993 | 521,573,950 |
| Amounts receivable under reverse repurchase agreements | 26,248,279 | - |
| Bank deposits | 866,796,986 | 721,328,727 |
| Financial instruments at fair value through profit or loss | 3,045,700,805 | 1,709,218,198 |
| Derivative financial assets | - | 19,073,193 |
| Financial instruments at amortised cost | 8,127,306,475 | 7,613,312,795 |
| Assets under investment management of foreign organisation | 816,525,360 | 211,885,192 |
| Other financial assets | - | 13,489,559 |

As at 31 December 2020, the Plan has one counterparty (31 December 2019: one counterparty) - the Ministry of Finance of the Republic of Kazakhstan, the credit risk exposure to whom exceeds 10% of net assets available for benefits. The credit risk exposure for this counterparty as at 31 December 2020 is KZT 4,019,329,046 thousand (31 December 2019: KZT 3,924,293,822 thousand).

As at 31 December 2020 and 2019, financial assets are neither impaired nor past due, except for other assets in the amount of KZT nil and KZT 6,483 thousand, respectively (Note 16).

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Financial assets are graded according to the current credit rating assigned by Standard and Poor's or other agencies converted into Standard & Poor's scale. The highest possible rating is AAA.

The Plan discloses rating of the security for its debt securities, sovereign rating for government securities, and the issuer's rating for equity securities and deposits. In case of two or more ratings available, the highest is disclosed, either international or national scale rating.

Below is a summary of credit ratings of financial assets held by the Plan as at 31 December 2020 and 2019:

| | AAA | AA | <AA | BBB+ | BBB | BBB- | <BBB- | Not rated | Total |
|---|-------------|------------|-------------|-------------|---------------|---------------|---------------|-------------|---------------|
| 31 December 2020 | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 34,531,993 | - | - | 34,531,993 |
| Amounts receivable under reverse repurchase agreements | - | - | - | - | 9,266,487 | - | 16,981,792 | - | 26,248,279 |
| Bank deposits | - | 67,777,117 | 215,120,347 | - | 383,511,637 | 66,847,575 | 133,540,310 | - | 866,796,986 |
| Financial assets at fair value through profit or loss | 944,803,720 | - | 29,221,061 | 3,582,374 | 1,730,001,209 | 150,556,655 | 157,829,076 | 29,706,710 | 3,045,700,805 |
| Financial assets at amortised cost | 468,202,987 | - | 195,239,830 | 139,366,428 | 5,311,373,347 | 759,237,478 | 1,248,584,670 | 5,301,735 | 8,127,306,475 |
| Assets under investment management of foreign organisations | 11,011,618 | 39,281,666 | 305,905,451 | 140,009,681 | 145,937,530 | 52,722,103 | 20,007,116 | 101,650,195 | 816,525,360 |
| | AAA | AA | AA- | A | BBB | BBB- | <BBB- | Not rated | Total |
| 31 December 2019 | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 521,573,950 | - | - | 521,573,950 |
| Bank deposits | - | - | 328,419,261 | - | 51,324,137 | 138,000,000 | 203,585,329 | - | 721,328,727 |
| Financial assets at fair value through profit or loss | 924,572,284 | - | 28,817,562 | 1,104,175 | 23,686,373 | 533,571,257 | 171,994,085 | 25,472,462 | 1,709,218,198 |
| Derivative financial assets | - | - | 2,371,728 | - | - | 16,701,465 | - | - | 19,073,193 |
| Financial assets at amortised cost | 318,869,267 | - | 226,273,938 | 73,383,059 | 1,036,775,588 | 4,620,004,588 | 1,338,006,355 | - | 7,613,312,795 |
| Assets under investment management of foreign organisations | 6,294,015 | 14,121,136 | 64,585,467 | 21,195,046 | 38,729,086 | 7,334,488 | 9,309,570 | 50,316,384 | 211,885,192 |
| Other financial assets | - | - | - | - | 8,958,235 | - | 4,524,841 | 6,483 | 13,489,559 |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The Fund manages the liquidity risk of the Plan based on Investment Declaration's requirements. The Fund monitors liquidity risk through periodic reporting using gap analysis tools to monitor the availability of funds required to meet obligations as they occur.

Due to the specific operating activities of the Plan and structure of net assets available for benefits, the liquidity risk is negligible.

The following table shows financial assets and financial liabilities by remaining expected maturity dates as at 31 December 2020:

| | Less than 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | No maturity | Total |
|---|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|-----------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | 34,531,993 | - | - | - | - | - | 34,531,993 |
| Amounts receivable under reverse repurchase agreements | 26,248,279 | - | - | - | - | - | 26,248,279 |
| Bank deposits | 484,158,146 | 130,926,818 | - | 251,712,022 | - | - | 866,796,986 |
| Financial instruments at fair value through profit or loss | 158,752,562 | 911,725,532 | 154,301,030 | 198,112,342 | 1,297,998,225 | 324,811,114 | 3,045,700,805 |
| Financial instruments at amortised cost | 122,201,643 | 76,409,801 | 492,765,066 | 2,735,224,722 | 4,700,705,243 | - | 8,127,306,475 |
| Assets under investment management of foreign organisations | 22,044,394 | 1,373,875 | 4,293,306 | 128,758,571 | 403,296,658 | 256,758,556 | 816,525,360 |
| Total financial assets | 847,937,017 | 1,120,436,026 | 651,359,402 | 3,313,807,657 | 6,402,000,126 | 581,569,670 | 12,917,109,898 |
| Liabilities | | | | | | | |
| Commission payable | 1,948,749 | - | - | - | - | - | 1,948,749 |
| Claims of pension beneficiaries | 781,742 | - | - | - | - | - | 781,742 |
| Other financial liabilities | 1,402 | - | - | - | - | - | 1,402 |
| Total financial liabilities | 2,731,893 | - | - | - | - | - | 2,731,893 |
| Net position | 845,205,124 | 1,120,436,026 | 651,359,402 | 3,313,807,657 | 6,402,000,126 | 581,569,670 | 12,914,378,005 |

Joint Stock Company Unified Accumulative Pension Fund

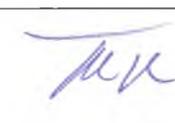
Pension Plan Assets

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

The following table shows financial assets and financial liabilities by remaining expected maturity dates as at 31 December 2019:

| | Less than 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | No maturity | Total |
|---|----------------------|--------------------|--------------------|----------------------|----------------------|--------------------|-----------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | 521,573,950 | - | - | - | - | - | 521,573,950 |
| Bank deposits | 242,899,183 | 223,520,078 | 3,197,444 | 251,712,022 | - | - | 721,328,727 |
| Financial instruments at fair value through profit or loss | 559,369,782 | 390,541,625 | 428,599,547 | 31,467,939 | 30,850,846 | 268,388,459 | 1,709,218,198 |
| Derivative financial assets | - | - | 19,073,193 | - | - | - | 19,073,193 |
| Financial instruments at amortised cost | 54,119,330 | 74,080,208 | 277,478,731 | 1,981,626,128 | 5,226,008,398 | - | 7,613,312,795 |
| Assets under investment management of foreign organisations | 1,441,886 | 300,373 | 896,855 | 31,270,159 | 95,937,519 | 82,038,400 | 211,885,192 |
| Other financial assets | - | 13,489,559 | - | - | - | - | 13,489,559 |
| Total financial assets | 1,379,404,131 | 701,931,843 | 729,245,770 | 2,296,076,248 | 5,352,796,763 | 350,426,859 | 10,809,881,614 |
| Liabilities | | | | | | | |
| Commission payable | 5,227,942 | - | - | - | - | - | 5,227,942 |
| Claims of pension beneficiaries | 2,275,305 | - | - | - | - | - | 2,275,305 |
| Derivative financial liabilities | - | 311,597 | 363,774 | - | - | - | 675,371 |
| Other financial liabilities | 8,652 | - | - | - | - | - | 8,652 |
| Total financial liabilities | 7,511,899 | 311,597 | 363,774 | - | - | - | 8,187,270 |
| Net position | 1,371,892,232 | 701,620,246 | 728,881,996 | 2,296,076,248 | 5,352,796,763 | 350,426,859 | 10,801,694,344 |

The amounts in the tables shows the carrying amounts of financial assets and financial liabilities at the reporting date and do not include future accrued interest.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The amounts in the tables above represent carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

20. Commitments and contingencies

Insurance

In the market of insurance services in the Republic of Kazakhstan, there is a significant improvement in the quality of services provided when concluding insurance contracts and regulating insurance claims, expanding the list of voluntary insurance products for the population, developing direct sales of insurance services, but many forms of insurance common in other parts of the world are not yet available in Kazakhstan. The Fund does not have full insurance coverage for the losses of the Plan caused by business stoppages or arising obligations to third parties in respect of damage to property or the environment caused by accidents or Plan activities. Until the Fund has adequate insurance coverage for the activities of the Plan, there is a risk that the loss or damage of certain assets may have a material adverse effect on the activities and financial position of the Plan.

Operating environment

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

As the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In March 2020, oil prices dropped by more than 40%, which resulted in the immediate weakening of the Kazakhstani Tenge against major currencies.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) began rapidly spreading all over the world resulting in the announcement of a pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets.

Against the backdrop of growing uncertainty, there was a lack of confidence in the stability of the financial sector on the part of depositors, as well as domestic and foreign investors, which increased the risks of capital and liquidity outflow from emerging markets. In this regard, financial institutions had to have sufficient reserves to withstand the simultaneous pressure of several stress factors.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2020 *(in thousands of Kazakhstani Tenge)*

The introduced state of emergency regime and quarantine had a significant impact on the main indicators of the Accumulative Pension System in 2020. In the regional divisions of the Fund, during the period of strengthening of quarantine measures, non-contact and/or remote operation was carried out, during the period of relaxation of quarantine measures - full-time operation. The Fund, starting from March 2020, suspended its outreach activities through direct interaction with the population; from August 2020, it began outreach activities with the population online.

The state of emergency and quarantine restrictions influenced the activities of organizations, which, in turn, influenced the transfer of pension contributions. The amount of pension contributions depends on three factors: the number of payers, the regularity of payment of contributions during the year, the amount of income from which contributions are paid. So, in 2020, there is a decrease in the number of active contributors.

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

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

21. Related party transactions

Control relationships

The Plan is managed by the NBRK on the basis of an agreement on trust services for the Plan concluded between the Fund and the NBRK. As at 31 December 2020 and 2019, the Fund was owned by the Government of the Republic of Kazakhstan, represented by CSPP.

Transactions with related parties

The outstanding balances as at 31 December 2020 and related statement of profit and loss amounts of transactions for the year ended 31 December 2020 with related parties of the Plan were as follows:

| | NBRK | The Fund | Ministry of Finance of the Republic of Kazakhstan | Other related parties | Total | Total per financial statements caption |
|--|-------------|--------------|---|--------------------------|---------------|---|
| Statement of net assets available for benefits | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | 34,531,993 | - | - | - | 34,531,993 | 34,531,993 |
| Amounts receivable under reverse repurchase agreements | - | - | - | 26,248,279 | 26,248,279 | 26,248,279 |
| Bank deposits | 332,187,500 | - | - | - | 332,187,500 | 866,796,986 |
| Financial assets at fair value through profit or loss | 81,648,210 | - | 1,629,070,383 | 149,289,046 | 1,860,007,639 | 3,045,700,805 |
| Financial assets at amortised cost | - | - | 4,019,329,046 | 1,821,665,448 | 5,840,994,494 | 8,127,306,475 |
| LIABILITIES | | | | | | |
| Commission payable | - | 1,948,749 | - | - | 1,948,749 | 1,948,749 |
| Statement of profit and loss | | | | | | |
| Interest income | 49,122,087 | - | 379,240,775 | 184,157,535 | 612,520,397 | 806,227,203 |
| Dividend income | - | - | - | 8,070,629 | 8,070,629 | 25,449,324 |
| Commission expense | - | (42,656,240) | - | - | (42,656,240) | (42,656,240) |

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

The outstanding balances as at 31 December 2019 and related statement of profit and loss amounts of transactions for the year ended 31 December 2019 with related parties of the Plan were as follows:

| | NBRK | The Fund | Ministry of Finance of the Republic of Kazakhstan | Other related parties | Total | Total per financial statements caption |
|---|-------------|--------------|---|-----------------------|---------------|--|
| Statement of net assets available for benefits | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | 521,573,950 | - | - | - | 521,573,950 | 521,573,950 |
| Bank deposits | 138,000,000 | - | - | - | 138,000,000 | 721,328,727 |
| Financial assets at fair value through profit or loss | 443,712,133 | - | - | 98,506,783 | 542,218,916 | 1,709,218,198 |
| Financial assets at amortised cost | - | - | 3,924,293,822 | 1,604,956,678 | 5,529,250,500 | 7,613,312,795 |
| LIABILITIES | | | | | | |
| Commission payable | - | 5,227,942 | - | - | 5,227,942 | 5,227,942 |
| Statement of profit and loss | | | | | | |
| Interest income | 36,917,365 | - | 249,211,780 | 133,263,273 | 419,392,418 | 648,865,833 |
| Dividend income | - | - | - | 6,486,210 | 6,486,210 | 19,198,440 |
| Commission expense | - | (58,010,578) | - | - | (58,010,578) | (58,010,578) |

22. Fair values of financial instruments

FRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Hierarchy of fair value estimates

Investments measured and reported at fair value are also classified and disclosed in one of the following categories:

- Level 1 – Quoted prices are available in active markets for identical investments;
- Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category are less liquid and restricted equity securities;

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

- Level 3 – data that is not available. This category includes tools evaluated using information that is not based on observable inputs, while such unobservable data has a significant impact on the valuation of the instrument. This category includes instruments valued on the basis of quotations for similar instruments for which significant unobservable adjustments or judgments are required to reflect the difference between the instruments. In accordance with the Valuation Rules, the carrying value of such financial instruments is determined based on the last fair value of these financial instruments determined by the valuations performed by the appraisers that were conducted as at 1 November 2020 and 1 October 2019, and as a result, the results of the valuation, are reflected as at 31 December 2020 and 2019, respectively. These estimates were made by independent appraisers, attracted by the NBRK, and the results were fully accepted by the NBRK and are reflected in the carrying amount of the assets at fair value through profit or loss.

The table below provides an analysis of financial assets and liabilities as at 31 December 2020 and 31 December 2019 in terms of the levels of the hierarchy of fair value.

| Financial assets | Fair value as at | | Fair value hierarchy | Valuation technique and key input |
|--|------------------|------------------|----------------------|---|
| | 31 December 2020 | 31 December 2019 | | |
| Non-derivative financial assets at fair value through profit or loss | 2,974,323,394 | 1,637,760,148 | Level 1 and Level 2 | Quoted prices in the market |
| Non-derivative financial assets at fair value through profit or loss | 71,377,411 | 71,458,050 | Level 3 | Discounted Cash flows Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Derivative financial assets | - | 19,073,193 | Level 2 | Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Derivative financial liabilities | - | 675,371 | Level 2 | Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

As at 31 December 2020 and 2019, an independent appraiser has determined financial assets at fair value through profit or loss. The independent appraiser was hired by NBRK under the trust management agreement for the assets of the pension Plan.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

According to the FRS, the assets under investment management of foreign organisations are reflected in the total amount; consequently, the Plan does not have the details in the context of each financial instrument.

During the years ended 31 December 2020 and 2019, there was no reclassification of financial instruments between Level 1 and 2.

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

Except as detailed in the following table, the Plan considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

| | 31 December 2020 | | 31 December 2019 | |
|------------------------------------|------------------|---------------|------------------|---------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Bank deposits | 866,796,986 | 796,025,206 | 721,328,727 | 633,700,288 |
| Financial assets at amortised cost | 8,127,306,475 | 7,965,107,064 | 7,613,312,795 | 6,256,893,361 |

Reconciliation of Level 3 fair value measurements

| | Financial assets at fair value through profit or loss – unlisted shares | |
|--|---|-------------|
| | 2020 | 2019 |
| Opening balance | 71,458,050 | 77,689,016 |
| Total net (losses)/income recognised in profit or loss | (80,639) | 946,520 |
| Repayments | - | (7,177,486) |
| Closing balance | 71,377,411 | 71,458,050 |

The change in fair value included in net profit for the year relates to unlisted common and preferred stock, GDR, coupon bonds and notes.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

23. Events after the reporting period

Benefits paid for housing improvements and health treatment

In accordance with the Law of the Republic of Kazakhstan dated 2 January 2021 No. 399-VI "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Restoration of Economic Growth", starting from 1 February 2021, the Plan makes lump sum payments of pension savings for housing improvement and health treatment. For the period ended 15 March 2021, the lump sum payments for improving housing conditions amounted to KZT 741,660,817 thousand, for health treatment amounted to KZT 1,236,168 thousand, including the returns made by authorized operators. The authorized operators are JSC ZSSB Otbasy Bank, JSC Halyk Bank and JSC Bank CenterCredit.

From 23 February 2021, part of the pension savings, upon the depositor's application, can be transferred into trust management to the investment portfolio manager with whom the Plan has entered into trust management agreements: JSC Halyk Global Markets (No. 17/6/18-02-21/P of 18 February 2021), JSC Jýsan Invest (No. 17/7/18-02-21/P from 18 February 2021), JSC BCC Invest (No. 17/11/19-02-21/P from 19 February 2021), JSC Centras Securities (No. 17/20/05-03-21/П from 05 March 2021).

Change in the commission rate

In accordance with the Law of the Republic of Kazakhstan dated 2 January 2021 No. 399-VI "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Restoration of Economic Growth", Article 53 of the Law of the Republic of Kazakhstan "On Pension Provision in the Republic of Kazakhstan" dated 21 June 2013 year, the commission fee of the NBRK and the Fund was established. In accordance with these changes, starting from 1 January 2021, the Plan pays a commission in the amount of 0.01% of the amount of pension assets (2020 - 0.011%). The Board of the NBRK issued the Resolution "On establishing the amount of commission remuneration of the National Bank of the Republic of Kazakhstan for 2021" No. 1 dated 18 January 2021. In accordance with this Resolution, starting from 1 January 2021, the Plan pays to NBRK a commission on the amount of investment income in the amount of 2.0% (2020 - 2.0%).