“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Separate financial statements

For the year ended 31 December 2020,
with independent auditor’s report

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Independent Auditor's Report

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

Opinion

We have audited the separate financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter - the "Fund"), which comprise the statement of financial position as at 31 December 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Fund as at 31 December 2020 and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	***How our audit addressed the key audit matter***
Impairment of investments in subsidiaries and joint venture	
We considered this matter to be one of the key audit matters due to materiality of the balances of investments in subsidiaries and joint venture to the separate financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements made by management. In addition, increased cost of debt and uncertainty regarding future economic growth affects the subsidiaries' and joint venture's business prospects and therefore triggers potential impairment of the Fund's investments. Significant assumptions included discount rates, tariff forecasts, long-term growth rates, inflation, currencies exchange rate forecasts. Significant estimates included production forecasts, future capital expenditures and project deadlines. Information on investments in subsidiaries and joint venture and the impairment tests performed is disclosed in *Note 4* to the separate financial statements.	We obtained management's impairment analysis, including analysis of impairment indicators and impairment test models. We involved our business valuation specialists in the testing of impairment analysis and calculation of recoverable amounts performed by the management. We analysed the assumptions underlying management forecast. We compared the discount rates and long-term growth rates to general market indicators and other available information.We tested the mathematical accuracy of the impairment models and assessed their sensitivity to changes in assumptions. We analysed disclosures made in the separate financial statements in respect of impairment.

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Compliance with loan covenants

In accordance with the terms of certain financing arrangements, the Fund should comply with certain covenants. Breaching covenants could result in significant fines and penalties along with funding shortages. In addition, cross default provisions are in place under many of the Fund's financing arrangements. Compliance with covenants was one of the matters of most significance in the audit since it can have a major impact on the going concern assumption used in the preparation of the separate financial statements, and on classification of interest-bearing liabilities in the separate statement of financial position.

Information on compliance with covenants is disclosed in *Note 14* to the separate financial statements.

We examined the terms of financing arrangements on covenants including additional clauses on cross default conditions..

We compared data used in the calculations with the financial statements.

We assessed arithmetic accuracy of financial covenants calculations.

We analysed the forecast made on approved budgets as of 31 December 2020, if a breach is likely in the next 12 months, we obtained and analysed management's analysis for the potential impact on going concern.

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

Other information included in the Fund's 2020 Annual Report

Other information consists of the information included in the Fund's 2020 Annual Report other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Fund's 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

In preparing the separate financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

Ernst & Young LLP

Paul Cohn
Audit Partner

Albert Asmatulayev
Auditor

Auditor Qualification Certificate
No. МФ-0000461 dated 6 February 2017

Rustamzhan Sattarov
General Director
Ernst & Young LLP

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

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5 April 2021

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

In millions of tenge	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment		**10,405**	10,641
Investment property		**6,314**	7,520
Intangible assets		**850**	943
Investments in subsidiaries	5	**4,342,227**	4,261,257
Investments in joint ventures	6	**1,545,552**	1,538,778
Loans issued and finance lease receivables	7	**566,913**	549,500
Amounts due from credit institutions	8	**399,221**	309,946
Other non-current financial assets	9	**1,373**	1,213
Other non-current assets	10	**32,481**	23,435
		6,905,336	6,703,233
Current assets			
Income tax prepaid		**1,883**	2,382
Loans issued and finance lease receivables	7	**167,608**	193,270
Amounts due from credit institutions	8	**36,473**	70,362
Other current assets	11	**14,538**	7,661
Cash and cash equivalents	12	**344,292**	312,836
		564,794	586,511
Assets for distribution to Shareholder	5	**161**	–
Total assets		**7,470,291**	7,289,744
Equity and liabilities			
Equity			
Share capital	13	**5,258,657**	5,229,112
Revaluation reserve of investments at fair value through other comprehensive income		**(1,472)**	(1,472)
Retained earnings		**519,489**	501,281
Total equity		**5,776,674**	5,728,921
Non-current liabilities			
Borrowings	14	**847,877**	675,019
Loans from the Government of the Republic of Kazakhstan	15	**562,448**	622,322
Financial guarantee liabilities	17	**38,184**	26,980
Other non-current liabilities	16	**–**	3,046
		1,448,509	1,327,367
Current liabilities			
Borrowings	14	**151,789**	212,377
Loans from the Government of the Republic of Kazakhstan	15	**30,773**	5,238
Financial guarantee liabilities	17	**5,243**	4,234
Other current liabilities	16	**57,303**	11,607
		245,108	233,456
Total liabilities		**1,693,617**	1,560,823
Total equity and liabilities		**7,470,291**	7,289,744

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

Yernar Zhanadil

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 40 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

In millions of tenge	Notes	2020	2019
Interest income	18	**81,038**	74,446
Interest expense	19	**(120,409)**	(74,180)
Dividend income	20	**221,777**	198,203
Gross profit		**182,406**	198,469
General and administrative expenses	21	**(24,540)**	(25,043)
Finance income	22	**36,538**	45,973
Finance expenses	23	**(37,854)**	(34,896)
Gain on disposal of share in subsidiary	5	**75,299**	43,278
Loss on impairment of other non-current assets	10	**–**	(10,079)
Loss on impairment of investments in subsidiary and joint venture	6	**–**	(9,474)
(Loss on accrual of) / reversal of allowance for expected credit losses, net		**(172)**	(855)
Foreign exchange income/(loss), net		**17,070**	444
Other income/(loss), net		**(951)**	1,436
Profit before income tax		**247,796**	209,253
Income tax expense	24	**(3,724)**	(3,074)
Net profit for the year		**244,072**	206,179
Other comprehensive loss on for the year, net of tax			
Net change in fair value of debt instruments measured at fair value through other comprehensive income		**–**	(49)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of income tax		**–**	(49)
Total comprehensive income for the year, net of tax		**244,072**	206,130

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

Yernar Zhanadil

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 40 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

In millions of tenge	Notes	2020	2019
Cash flows from operating activities			
Dividend received	20	**221,777**	218,228
Loans received	14	**54,951**	54,720
Repayment of loans issued		**34,258**	77,852
Redemption of amounts due from credit institutions, net		**7,024**	25,753
Redemption of loans received from the Government		**(943)**	(19,287)
Loans given to subsidiaries	7	**(5,239)**	(55,663)
Acquisition of bonds issued by third-party organizations and related parties		**-**	(5,751)
Acquisition of bonds issued by subsidiaries		**-**	(40,000)
Repayment of other liabilities		**-**	(70,196)
Payments to suppliers		**(8,460)**	(8,912)
Payroll payments		**(3,045)**	(3,398)
Sponsorship	21	**(7,398)**	(7,564)
Withholding tax	24	**(3,724)**	(3,337)
Other taxes and payments		**(3,442)**	(3,141)
Interest received		**60,621**	51,260
Interest paid		**(57,609)**	(55,387)
Other cash receipts		**4,657**	60
Net cash flows received from operating activities		**293,428**	155,237
Cash flows from investing activities			
Withdrawal/(placement) of bank deposits, net		**68,131**	(10,274)
Contributions to subsidiaries	5	**(56,800)**	(61,422)
Proceeds from the sale of bank shares		**-**	57,473
Proceeds from redemption of bonds issued by subsidiaries	7	**36,846**	25,749
Purchase of property, plant and equipment		**(352)**	(864)
Purchase of intangible assets		**(255)**	(76)
Purchase of joint ventures		**-**	(9,616)
Purchase of bonds issued by second-tier banks		**(168,000)**	(37,307)
Proceeds from the redemption of bonds issued by second-tier banks		**-**	29,519
Purchase of debt instruments, issued by subsidiaries	5	**(28,404)**	(127,154)
Loans given to subsidiaries		**(8,000)**	-
Net cash flows used in investing activities		**(156,834)**	(133,972)

SEPARATE STATEMENT OF CASH FLOWS (continued)

In millions of tenge	Notes	2020	2019
Cash flows from financing activities			
Contributions to the share capital	13	**26,000**	95,196
Distributions to the Shareholder	16	**(50,844)**	(94,186)
Dividends paid to the Shareholder	13	**(120,000)**	(63,750)
Loans received		**92,084**	–
Repayment of loans received		**(1,446)**	(1,446)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	5	**83,944**	49,145
Issued bonds received		**258,400**	–
Repayments on bonds issued		**(333,394)**	–
Repayment of Government loans	15	**(88,804)**	(53,662)
Other income		**44**	3,910
Net cash flows used in financing activities		**(134,016)**	(64,793)
Net increase/(decrease) in cash and cash equivalents		**2,578**	(43,528)
Effect of changes in exchange rates on cash and cash equivalents		**28,878**	(1,238)
Cash and cash equivalents, at the beginning of the period		**312,836**	357,602
Cash and cash equivalents, at the end of the period		**344,292**	312,836

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

Yernar Zhanadil

Chief accountant

Almaz Abdrakhmanova

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

In millions of tenge	Notes	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Retained earnings	Total
Balance as at 31 December 2018		5,133,766	(1,423)	482,936	5,615,279
Net profit for the year		–	–	206,179	206,179
Other comprehensive loss		–	(49)	–	(49)
Total comprehensive income for the year		–	(49)	206,179	206,130
Issue of shares	13	95,346	–	–	95,346
Discount on loans from the Government	13	–	–	(21,064)	(21,064)
Other transactions with the Shareholder	13	–	–	(2,501)	(2,501)
Dividends	13	–	–	(63,750)	(63,750)
Other distributions to the Shareholder	13	–	–	(72,353)	(72,353)
Assets for distribution to Shareholder	13			(28,166)	(28,166)
Balance as at 31 December 2019		5,229,112	(1,472)	501,281	5,728,921
Net profit for the year		–	–	**244,072**	**244,072**
Total comprehensive income for the year		–	–	**244,072**	**244,072**
Issue of shares	13	**29,545**	–	–	**29,545**
Discount on loans from the Government	13	–	–	**(37,581)**	**(37,581)**
Other transactions with the Shareholder	13	–	–	**23,797**	**23,797**
Dividends	13	–	–	**(120,000)**	**(120,000)**
Other distributions to the Shareholder	13	–	–	**(92,080)**	**(92,080)**
Balance as at 31 December 2020		**5,258,657**	**(1,472)**	**519,489**	**5,776,674**

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

Yernar Zhanadil

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 40 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

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

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

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

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

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

These separate financial statements were authorized for issue by the Co-Managing Director for Economy and Finance and Chief accountant of the Fund on 5 April 2021.

These separate financial statements were issued in addition to the consolidated financial statements of the Fund. The consolidated financial statements were authorized for issue by the Co-Managing Director for Economy and Finance and Chief accountant of the Fund on 5 April 2021.

2. BASICS OF PREPARATION

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

Statement of compliance

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

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

2. BASIS PREPARATION (continued)

Foreign currency translation (continued)

Exchange rates

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

As at 31 December 2020 the currency exchange rate of KASE was 420.91 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as at 31 December 2020 (as at 31 December 2019: 382.59 tenge to 1 US dollar). The currency exchange rate of KASE as at 5 April 2021 was 427.39 tenge to 1 US dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments to current standards and clarifications

The Fund applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020, but which do not have any impact on the Fund's financial statements. The Fund has not early adopted standards, interpretations or amendments that have been issued but are not yet effective. A list of new and amended standards and interpretations is provided below:

- Amendments to IFRS 3 *Business Combinations* named *Definition of a Business*;
- Amendments to IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments* named *Interest Rate Benchmark Reform*;
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors named Definition of Material*;
- Revised version of *Conceptual Framework for Financial Reporting*;
- Amendments to IFRS 16 *Leases* named *Covid-19 Related Rent Concessions*.

Standards that have been issued but are not yet effective

The following new standards, amendments and interpretations have been issued but are not yet effective at the date of issuance of the Fund's financial statements. The Fund intends to adopt these standards, amendments and interpretations, if applicable, when they become effective.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Presentation of Financial Statements* named *Classification of Liabilities as Current or Non-current*;
- Amendments to IFRS 3 *Business Combinations* named *Reference to the Conceptual Framework*;
- Amendments to IAS 16 *Property, Plant and Equipment* named *Proceeds before Intended Use*;
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* named *Onerous Contracts – Costs of Fulfilling a Contract*;
- IFRS 1 *First-time Adoption of International Financial Reporting Standards* named *Subsidiary as a First-time Adopter*;
- IFRS 9 *Financial Instruments* named *Fees in the "10 per cent" Test for Derecognition of Financial Liabilities*;
- IAS 41 *Agriculture* named *Taxation in Fair Value Measurements*.

The Fund does not expect the amendments to have any material impact on the financial statements.

Investments in subsidiaries, joint ventures and associates

The Fund's investments in its subsidiaries, joint ventures and associates are carried at cost less impairment. An associate is an entity over which the Fund has significant influence but which is neither a subsidiary nor a joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

Financial assets are classified into three categories for subsequent measurement

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

Financial assets measured at amortised cost (debt instruments)

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets measured at fair value through other comprehensive income

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time.

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

Financial assets at fair value through profit or loss

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

Available-for-sale financial investments

When there is objective evidence that the cost may not be recoverable, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recoverable includes, in addition to qualitative impairment criteria, a significant or prolonged decline in the fair value below its cost.

If an available-for-sale equity security is impaired based on the qualitative or quantitative impairment criteria established by the Fund, a subsequent decline in fair value at subsequent reporting dates is recognised as an impairment. Therefore, at each reporting period, for an equity security that has been determined to be impaired based on the Fund's impairment criteria, an impairment is recognised for the difference between the fair value and the original cost less any previously recognised impairment.

Value added tax ("VAT")

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

Cash and cash equivalents

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

Financial liabilities

Initial recognition and measurement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Subsequent measurement

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

Borrowings and loans from the Government of the Republic of Kazakhstan

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

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

Debt securities issued

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

Financial guarantee contracts

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

Options arising on investments acquisition

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

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

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

Derivative financial instruments

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Revenue recognition

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

Interest and similar income and expenses

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

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

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

Dividends

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

Expense recognition

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

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

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

Income tax

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

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

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

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

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

Equity

Share capital

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

Dividends

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Fair value of financial instruments

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

Taxation

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

Deferred tax assets

Deferred tax assets were recognized for all allowances on provisions and other liabilities to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved, as well as successful application of tax planning strategies, The unrecognized deferred tax assets were equal to 49,134 million tenge as at 31 December 2020 (as at 31 December 2019: 31,619 million tenge) *(Note 24)*.

Estimation of expected credit losses

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

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

Impairment of investments in subsidiaries and joint ventures

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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

Impairment of investments in subsidiaries and joint ventures (continued)

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

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

Due to existing impairment indicators, the Fund performed an impairment test for property, plant and equipment and intangible assets as at 31 December 2020. Recoverable amount of investments in KTZh was determined using value in use method.

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

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

Financial assumptions include significant estimates associated with tariff forecasts and growth rates, discounts, and projected tenge to Swiss Franc exchange rates. The key long-term assumptions that were used in the calculation were an annual growth rate of 3.09% and a discount rate of 10.92%.

As at 31 December 2020 no impairment has been identified based on the estimated value in use of the Fund's investments. However, the value in use estimate is sensitive particularly to the following assumptions:

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

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

- *Transit freight transportation volumes* – a decrease of the volumes in the next 5 years by 10% compared to budget;
- *Discount rate (WACC)* – an increase of the discount rate from 10.92% to 11.62%.

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

Impairment of investments in "AstanaGas KMG" JSC ("AstanaGas")

Due to existing impairment indicators, the Fund performed an impairment test as at 31 December 2020. Recoverable amount of investments in AstanaGas was determined using value in use method. The value in use was estimated as the present value of the terminal value (in the post-forecast period) of "Saryarka" gas pipeline. The terminal value calculation was formed on the basis of the assumption that "Saryarka" gas pipeline in the entire modeling period, including the post-forecast period, will be owned by AstanaGas, which allows the company to continue to lease it after 2033 on conditions that satisfy shareholders of AstanaGas, that is after the period during which the lease payments will go mainly to service loans.

Discount rate (WACC) of 12.6% was used in calculations. As a result of this analysis, as at 31 December 2020, no impairment was identified. Increase in WACC for 1% will result that the carrying value of the Fund's investments may become higher than their recoverable amount, which may result in the need to recognise impairment in the future.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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

Impairment of investments in subsidiaries and joint ventures (continued)

Impairment of investments in "United Chemical Company" LLP ("UCC")

Due to existing impairment indicators of investments in UCC, the Fund performed an impairment test as at 31 December 2020. Recoverable amount of investments in UCC was determined using value in use method. When the carrying amount of an investment exceed its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Financial assumptions include significant estimates associated with polypropylene tariff forecasts and growth rates, and projected tenge to US dollar exchange rates. The key long-term assumptions that were used in the calculation were an annual growth rate of 2.07% and a discount rate of 8.5% in the US dollar

Based on the assessment of recoverable amount of investments as of 31 December 2020 no impairment was identified. However, the value in use estimate is sensitive particularly to the following assumptions:

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES

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

In millions of tenge	Activity	Country	31 December 2020	31 December 2019	Ownership 31 December 2020	Ownership 31 December 2019
"National Company "Kazakhstan Temir Zholy" JSC	Cargo and passengers railway transportation	Kazakhstan	**1,490,915**	1,490,915	**100.00%**	100.00%
"National Company "KazMunayGas" JSC	Oil and gas industry	Kazakhstan	**1,187,621**	1,187,621	**90.42%**	90.42%
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	**456,033**	453,302	**100.00%**	100.00%
"United Chemical Company" LLP ("UCC")	Development of chemical industry of RK	Kazakhstan	**427,843**	360,962	**100.00%**	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry of RK	Kazakhstan	**293,135**	293,135	**100.00%**	100.00%
"Kazakhstan Electricity Grid Operating Company" ("KEGOC") JSC	Electricity transmission	Kazakhstan	**120,648**	120,648	**90.00% + 1**	90.00% + 1
"National Atomic Company "KazAtomProm" JSC	Uranium production	Kazakhstan	**110,608**	119,879	**75.00%**	81.28%
"Kazakhtelecom" JSC	Fixed line telecommunication	Kazakhstan	**93,212**	93,212	**51.00%**	51.00%
"Samruk-Kazyna Invest" LLP	Professional services on investment projects	Kazakhstan	**67,341**	44,282	**100.00%**	100.00%
"Kazpost" JSC	Postal and financial services	Kazakhstan	**42,663**	38,183	**100.00%**	100.00%
"Samruk-Kazyna Construction" JSC (former – "Real Estate Fund "Samruk-Kazyna" JSC)	Stabilization of real estate market	Kazakhstan	**31,849**	31,849	**100.00%**	100.00%
Qazaq Air JSC	Passengers air transportation	Kazakhstan	**8,162**	8,162	**100.00%**	100.00%
Air Astana" JSC	Passengers air transportation	Kazakhstan	**7,276**	7,276	**51.00%**	51.00%
Samruk-Kazyna Business Service" LLP (former "Samruk-Kazyna Finance" LLP)	Implementation of transformation	Kazakhstan	**2,606**	2,055	**100.00%**	100.00%
Samruk-Kazyna Contract" LLP	Project management	Kazakhstan	**1,285**	8,585	**100.00%**	100.00%
"Kazakhstan atomic electricity stations" JSC	Realization the construction projects of nuclear power plants	Kazakhstan	**1,030**	1,030	**100.00%**	100.00%
"KOREM" JSC	Operator of electricity market	Kazakhstan	**–**	161	**100.00%**	100.00%
			4,342,227	4,261,257		

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries

"Samruk-Energy" JSC

On 23 June 2020 the Fund made contribution to the share capital of "National Company "Samruk-Energy" JSC in the amount of 2,731 million tenge in the form of property contribution *(Note 13)*.

UCC

The Fund made a contribution to the share capital of UCC in the total amount of 66,881 million tenge. The contributions were made in the form of a cash contribution of 51,769 million tenge, including 26,000 million tenge, using funds of the Republican budget *(Note 13)* and 14,954 million tenge in connection with the recognition of financial guarantee liabilities. The Fund also provided UCC additional tranches of 1,953 million tenge at below the market interest rate, a discount of which of 158 million tenge, calculated as the difference between the fair value at the date of this loan cost was recognized as an increase in investment *(Note 7)*.

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

As part of the Comprehensive Privatization Plan for 2016-2020, the Fund through an IPO sold 6.28% of Kazatomprom shares on the Astana International Financial Center Exchange, as well as on the London Stock Exchange. Total revenue amounted to 85,165 million tenge. As a result of the transaction, the Fund recognized the disposal of an investment in a subsidiary in the amount of 9,271 million tenge, gain on disposal of an interest in a subsidiary, net of commission costs, in the amount of 75,299 million tenge in the separate statement of comprehensive income (2019: 43,278 million tenge). The total amount of funds received was 83,944 million tenge.

"Samruk-Kazyna Invest" LLP

On 15 June 2020, the Fund transferred 224,353,416.49 shares of Sekerbank TAS in favor of Samruk-Kazyna Invest LLP at a market value of 14,397 million tenge.

The Fund also provided a bond loan to subsidiary of Samruk-Kazyna Invest LLP in the total amount equivalent to 28,404 million tenge with an interest rate below market, a discount on which in the amount of 8,662 million tenge, calculated as the difference between the fair value at the date of issuance of this loan and its nominal value, was recognized as an increase in investment.

"Kazpost" JSC

On 22 October 2020, the Fund made a cash contribution to the share capital of Kazpost JSC in the amount of 4,480 million tenge.

Samruk-Kazyna Business Service" LLP (former "Samruk-Kazyna Finance" LLP)

On 5 March 2020, the Fund made a contribution to the share capital of Samruk-Kazyna Business Service LLP in the amount of 551 million tenge in the form of a cash contribution.

"Samruk-Kazyna Contract" LLP

In 2020, the Fund decided to reduce the share capital of Samruk-Kazyna Contract LLP by the amount of 7,300 million tenge. The amount of decrease was recognized in accounts receivable.

"KOREM" JSC

In accordance with the planned activities in the next 12 months for the transfer of a controlling stake in KOREM JSC in favor of the state institution Committee for State Property and Privatization of the Republic of Kazakhstan, as of 31 December 2020, the Fund classified investments in this subsidiary in the amount of 161 million tenge as Assets for transfer to the Shareholder.

6. INVESTMENTS IN JOINT VENTURES

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

In millions of tenge	31 December 2020	31 December 2019
Joint ventures		
"KMG Kashagan B.V." PLLC	**1,494,941**	1,494,941
"AstanaGas KMG" JSC	**43,695**	43,695
"Stantsiya Ekibastuzskaya GRES-2" JSC	**16,390**	9,616
Less: allowance on impairment	**(9,474)**	(9,474)
	1,545,552	1,538,778

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

Company	Activity	Country	Ownership 31 December 2020	Ownership 31 December 2019
Joint ventures				
"KMG Kashagan B.V." PLLC	Oil and gas industry	Netherlands	**50%**	50%
"AstanaGasKMG" JSC	Gas pipeline construction	Kazakhstan	**50%**	50%
"Stantsiya Ekibastuzskaya GRES-2" JSC	Production, transmission and distribution of electric energy	Kazakhstan	**50%**	50%

"Stantsiya Ekibastuzskaya GRES-2" JSC ("EGRES-2")

In 2020, the Fund increased its investments in "EGRES-2" in the amount of 6,774 million tenge in connection with the recognition of the financial guarantee liabilities.

Impairment of investments in "AstanaGazKMG" JSC

In 2019, the Fund recognised an investment impairment loss of 9,474 million tenge in the separate statement of comprehensive income.

7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES

As at 31 December loans issued comprised the following:

In millions of tenge	31 December 2020	31 December 2019
Loans issued to subsidiaries	**383,927**	389,574
"Samruk-Energy" JSC	**89,517**	87,287
"Samruk-Kazyna Construction" JSC (former – "Real Estate Fund "Samruk-Kazyna" JSC)	**79,921**	106,953
"National Company "Kazakhstan Temir Zholy" JSC	**83,558**	81,960
"Qazaq Air" JSC	**63,963**	58,552
"United Chemical Company" LLP	**50,803**	46,214
Other	**16,165**	8,608
Loans issued to third parties and related parties	**15,841**	16,102
"Doszhan Temir Zholy" JSC	**7,047**	7,468
"National Company "Kazakhstan Engineering" JSC	**5,220**	4,977
Other	**3,574**	3,657
Bonds issued by subsidiaries	**245,127**	245,498
"Kazakhtelecom" JSC	**75,000**	100,000
"National Company "Kazakhstan Temir Zholy" JSC	**45,183**	43,844
"Atyrau Oil Refinery" LLP	**44,196**	51,649
Other	**80,748**	50,005
Bonds issued by third parties and related parties	**107,407**	102,194
"NMH Baiterek" JSC	**63,431**	58,486
"Baiterek Venture Fund" JSC	**40,150**	40,150
Other	**3,826**	3,558
Interest receivable	**17,027**	18,826
Less: allowance for expected credit losses	**(42,144)**	(40,038)
Total loans issued	**727,185**	732,156
Finance lease receivables	**7,336**	10,614
Total loans and finance lease arrears	**734,521**	742,770
Less: current portion	**(167,608)**	(193,270)
Non-current portion	**566,913**	549,500

Loans issued to subsidiaries

"Samruk-Kazyna Construction" JSC (former – "Real Estate Fund "Samruk-Kazyna" JSC)

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

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

In 2020, Samruk-Kazyna Construction JSC partially repaid loans of 30,204 million tenge (2019: 15,155 million tenge).

As at 31 December 2020, the total carrying amount of the principal and interest receivable on all loans issued by Samruk-Kazyna Construction JSC amounted to tenge 79,921 million (31 December 2019: 108,657 million tenge).

7. LOANS ISSUED AND FINANCE LEASE RECEIVABLES (continued)

Loans issued to subsidiaries (continued)

"Qazaq Air" JSC

On 29 March 2017, the Fund and Qazaq Air JSC entered into a loan agreement, according to which the Fund provided additional tranches for a total amount of 2,243 million tenge in 2020, with a loan maturity date of 31 December 2030 and interest rate of 0,01%, The purpose of the loan is to finance working capital, including the cost of operating leases and maintenance of aircraft engineering support, aviation insurance, and hiring of flight personnel.

As of 31 December 2020, the total book value of principal and interest payable on all loans issued by Qazaq Air JSC was 63,972 million tenge (as of 31 December 2019: 58,559 million tenge).

"United Chemical Company" ("UCC") LLP

On 15 December 2017, the Fund concluded a loan agreement with UCC for 9,100 million tenge, according to which in 2020 the Fund provided additional tranches for a total amount of 1,953 million tenge, for the purpose of further issuing a loan to Polymer production LLP, with a maturity of each tranche until 31 December 2020 – 31 December 2032 and a fixed interest rate of 0,1-10% during the grace period until 30 December 2020 – 1 January 2026.

At initial recognition, the loan was recognized at fair value equal to 1,795 million tenge using appropriate market interest rates. The difference between the nominal value and the fair value of the loan at the date of recognition in the amount of 158 million tenge was recognized as an increase in investment in the subsidiary *(Note 5)*.

On January 28, 2020, UCC made an early repayment of a loan in the amount of 750 million tenge, issued in 2019.

As of 31 December 2020, the total book value of the principal debt and interest receivable for all loans issued by UCC was 50,838 million tenge (as of 31 December 2019: 46,274 million tenge).

Bonds issued by subsidiaries

"Kazakhtelecom" JSC

On December 10, 2020, Kazakhtelecom JSC made early redemption of 25,000,000 coupon bonds with a par value of 1,000 tenge each for a total amount of 25,000 million tenge.

At 31 December 2020, the total carrying amount of principal and interest was 77,875 million tenge (31 December 2019: 103,833 million tenge).

"Atyrau Refinery" LLP ("AR")

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

On 16 January and 15 July 2020, AR made partial repayments of the loan in amount of 11,846 million tenge in accordance with the principal repayment schedule.

As at 31 December 2020, the total carrying amount of principal and interest was 45,192 million tenge (31 December 2019: 52,843 million tenge).

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

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

In millions of tenge	**31 December 2020**	31 December 2019
10 largest local banks	**393,172**	340,646
Other local credit institutions	**47,576**	46,481
Interest accrued	**2,371**	2,428
Less: allowance for expected credit losses	**(7,425)**	(9,247)
Total amounts due from credit institutions	**435,694**	380,308
Less: current portion	**(36,473)**	(70,362)
Non-current portion	**399,221**	309,946

In millions of tenge	**31 December 2020**	31 December 2019
Rating from BBB-(Baa3) to BB-(Ba3)	**104,774**	108,100
Rating from B+(B1) to B-(B3)	**338,345**	281,455
Less: allowance for expected credit losses	**(7,425)**	(9,247)
	435,694	380,308

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

In millions of tenge	**31 December 2020**	31 December 2019
Amounts due from credit institutions, in tenge	**435,610**	344,938
Amounts due from credit institutions, in US dollars	**84**	35,370
	435,694	380,308

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

In millions of tenge	**31 December 2020**	31 December 2019
Bonds placed with second-tier banks	**320,817**	197,698
Funds for financing activities within the framework approved by the Government	**122,218**	127,393
Bank deposits placed under the policy of temporary available cash	**84**	64,464
Less: allowance for expected credit losses	**(7,425)**	(9,247)
Total amounts due from credit institutions	**435,694**	380,308
Less: current portion	**(36,473)**	(70,362)
Non-current portion	**399,221**	309,946

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Bonds placed with second-tier banks

As at 31 December 2020, effective interest rate for bonds placed with second tier banks was from 9% to 11.15% per annum (31 December 2019: from 4% to 12.33%), the maturity was from december 2025 to november 2035 (31 December 2019: from november 2022 to january 2034). The bonds are denominated in US dollars and tenge.

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

As at 31 December 2020 amounts placed with banks and other financial organizations, for purposes of financing Government appoved programs, were mainly represented by loans denominated in tenge issued to the following banks and other financial entities:

- "Entrepreneurship Development Fund "Damu" JSC, of 19,416 million tenge to finance small and medium businesses (2019: 19,416 million tenge). Interest on this loan was charged 5.5% per annum;
- "Development Bank of Kazakhstan" JSC, to decrease funding costs on finance leases, to stimulate export of Kazakhstani locomotives and decrease financing costs of investment projects in priority segments of economy of 21,200 million tenge, 4,446 million tenge and 2,270 million tenge respectively (2019: 20,061 million tenge, 4,257 million tenge and 2,446 million tenge, respectively). Interest on these loans was charged at rates from 0.2% to 0.6% per annum;
- To the commercial banks for refinancing mortgage loans, student loans, construction of housing in Astana and Almaty and provision of intermediary housing loans of 58,258 million tenge, 1,771 million tenge and 14,857 million tenge, respectively (2019: 65,117 million tenge, 1,771 million tenge and 14,325 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.

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

Bank deposits which are placed under the policy on management of temporarily available funds

As part of the policy for managing temporarily available funds, the Fund places deposits in second-tier banks of Kazakhstan, As of 31 December 2020, the rate on short-term bank deposits in tenge was 1.75% per annum (as of 31 December 2019: 2%), and on short-term bank deposits were absent.

As of 31 December 2020 and 31 December 2019, the Fund had no long-term bank deposits.

9. OTHER NON-CURRENT FINANCIAL ASSETS

As at 31 December other financial assets comprised the following:

In millions of tenge	**31 December 2020**	31 December 2019
Financial investments measured at fair value through other comprehensive income		
Equity securities of "Astana Finance" JSC	**6,516**	6,516
Debt securities	**1,373**	1,213
Less: allowance for expected credit losses	**(6,516)**	(6,516)
Total amount of other non-current financial assets	**1,373**	1,213

10. OTHER NON-CURRENT ASSETS

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

In millions of tenge	**31 December 2020**	31 December 2019
Assets to be transferred	**24,611**	–
SAP licenses	**12,927**	12,851
Land plot	**4,728**	4,728
Sekerbank TAS shares	**–**	15,671
Other	**294**	267
Less: allowance for expected credit losses	**–**	(3)
Less: provision for impairment	**(10,079)**	(10,079)
	32,481	23,435

10. OTHER NON-CURRENT ASSETS (continued)

Assets to be transferred

On 29 December 2020 the Shareholder transferred the property of railway sections to the Fund. The transaction was held on a free of charge basis, and the market value has amounted to 23,797 million tenge *(Note 13)*. This transaction is recognized as transactions with a Shareholder in the separate statement of changes in equity.

The Shareholder also transferred property in the form of railway vehicles with a market value of 814 million tenge to the Fund *(Note 13)*.

Sekerbank TAS shares

On 15 June 2020, in accordance with the corporate decision of the Fund, the Fund transferred 224,353,416.49 Sekerbank TAS shares to Samruk-Kazyna Invest LLP at market value of 14,397 million tenge, during the transfer a loss of 1,274 million tenge was recognized.

SAP licences

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

11. OTHER CURRENT ASSETS

As at 31 December other current assets comprised the following:

In millions of tenge	**31 December 2020**	31 December 2019
Restricted cash	**18,447**	18,551
Other trade receivables	**18,639**	11,199
Other	**5,985**	6,480
Less: allowance for expected credit losses	**(28,533)**	(28,569)
	14,538	7,661

Other receivables

In accordance with corporate decisions in 2020 an amount of 7,300 million tenge was reclassified from investments in subsidiaries in Samruk-Kazyna Contract LLP to accounts receivable which were subsequently paid in January 2021 *(Note 5)*.

12. CASH AND CASH EQUIVALENTS

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

In millions of tenge	**31 December 2020**	31 December 2019
Term bank deposits with second-tier banks in US dollars	**168,791**	–
Current accounts with banks in US dollars	**67,437**	262,086
Current accounts with banks in tenge	**62,740**	42,899
Term bank deposits with second-tier banks in tenge	**45,271**	7,908
Current accounts with banks in other foreign currency	**58**	21
Less: allowance for expected credit losses	**(5)**	(78)
	344,292	312,836

As at 31 December 2020, the interest rate on current accounts was 0.14% per annum (31 December 2019: 1.5%), the weighted average interest rate on term deposits with second-tier banks was 8.52% per annum (31 December 2019: 8.12%), the weighted average interest rate on term deposits with second-tier banks in dollars was 0.49% per annum.

13. EQUITY

Share capital

During 2020 and 2019, the Fund made issues of ordinary shares, which were paid for as follows

Payment for shares	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
As of 31 December 2018	3,481,939,318		5,133,766
Cash and cash equivalents contributions	3,500	90,196,400	95,196
Property contributions	14,951	10,000	150
As of 31 December 2019	**3,481,957,769**		**5,229,112**
Cash contributions	**764**	**34,075,462; 422,494**	**26,000**
Property contributions	**1,875**	**21,848,312; 465,216**	**3,545**
As of 31 December 2020	**3,481,960,408**		**5,258,657**

As at 31 December 2020, 3,481,960,408 shares of the Fund were fully paid up, of which 1,750 shares were registered in 1 quarter 2021 (31 December 2019: 3,481,957,769 shares).

2020 year

Contributions in cash and its equivalents

On 23 April and 9 November 2020 the Shareholder made contribution to the share capital of the Fund in cash and its equivalents in the amount of 26,000 million tenge. These funds are intended to finance projects carried out by a subsidiary of the UCC *(Note 5)*.

Property contributions

On 23 June 2020, the State Property and Privatisation Committee made contribution to the share capital of the Fund in the amount of 2,731 million tenge in the form of property contribution. This property was transferred to the share capital of Samruk-Energy JSC *(Note 5)*.

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

Other distributions to the Shareholder

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

Transactions with Shareholder

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

On December 29, 2020, the Shareholder transferred to the Fund property in the form of railway sections with a fair value of 23,797 million tenge. These transaction are recognized as transactions with the Shareholder in the separate statement of changes in equity. *(Note 10)*.

13. EQUITY (continued)

Dividends

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

2019 year

Contributions in cash and its equivalents

In 2019 the Shareholder made contributions to the share capital of the Fund in the total amount of 95,196 million tenge. These funds are intended for financing the Fund's subsidiaries.

Property contributions

On 28 June 2019 the State property and Privatization committee contributed property of 150 million tenge to the Fund's share capital. This property was transferred to the share capital of "National Company "Kazakhstan Temir Zholy" JSC.

Other distributions to the Shareholder

In 2019 on the basis of the Shareholder's resolutions, the Fund recognized a liability for financing of various social projects in the total amount of 72,353 million tenge. This liability was recognized as other distributions to the Shareholder in the separate statement of changes in equity.

On 4 December 2019 in accordance with the Resolution of the Government of Republic of Kazakhstan dated 14 November 2019 the Fund transferred 100% shares of "MAEK-KazAtomProm" LLP with the book value of 19,487 million tenge to the State property and privatization committee of the Republic of Kazakhstan. This transaction was recognized as distribution to the Shareholder in separate statement of changes in equity.

In accordance with the decree of the Government of the Republic of Kazakhstan dated 31 July 2019, the Fund transferred controlling stakes of three airports: JSC "Aktobe international airport", JSC "Pavlodar Airport" and JSC "Atyrau international airport" to the State property and privatization committee of the Republic of Kazakhstan. The Fund classified the transfer of investments in these subsidiaries for a total amount of 8,679 million tenge as Assets for transfer to the Shareholder in the separate statement of changes in equity.

Transactions with Shareholder

On 17 January 2019, in accordance with the decision of the Management Board of the National Fund of the Republic of Kazakhstan dated 7 August 2017, the Fund allocated uncontracted funds under the State Infrastructure Development Programme "Nurly Zher" in the amount of 5,751 million tenge to repurchase bonds of JSC National Management Holding "Baiterek". The difference between the purchase price and fair value of the bonds as at the acquisition date in the amount of 2,501 million tenge was recognized as transactions with the Shareholder in the separate statement of changes in equity.

In 2019, the Fund made partial early repayment of bond liabilities to the National Bank in the amount of 53,662 million tenge, in connection with which it recognised an amortisation of discount on loans from the Government in the amount of 21,064 million tenge in the separate statement of changes in equity.

Dividends

On 25 December 2019 the Fund paid dividends to the Shareholder of 63,750 million tenge based on results of 2018 according to the Resolution of the Government of the Republic of Kazakhstan dated 24 December 2019.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

Book value of shares

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

In millions of tenge	**31 December 2020**	31 December 2019
Total assets	**7,470,291**	7,289,744
Intangible assets	**(850)**	(943)
Total liabilities	**(1,693,617)**	(1,560,823)
Net assets for common shares	**5,775,824**	5,727,978
Number of common shares as at 31 December	**3,481,960,408**	3,481,957,769
Book value per common share, tenge	**1,659**	1,645

Earnings per share

In millions of tenge	**31 декабря 2020 года**	31 декабря 2019 года
Weighted average number of common shares for basic and diluted earnings per share	**3,481,958,361**	3,481,948,779
Basic and diluted net profit for the period per share	**70.10**	59.21

14. BORROWINGS

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

In millions of tenge	**31 December 2020**	31 December 2019
Loans received	**745,353**	557,318
Bonds issued and purchased by other companies	**206,742**	287,317
Bonds issued and purchased by subsidiaries:	**47,571**	42,761
- "Kazakhstan Electricity Grid Operating Company" JSC ("KEGOC")	**30,254**	26,468
- "National Company "KazMunayGas" JSC	**17,317**	16,293
Total borrowings	**999,666**	887,396
Less: amounts due for settlement within 12 months	**(151,789)**	(212,377)
Amounts due for settlement after 12 months	**847,877**	675,019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

14. BORROWING (continued)

Borrowings comprised the following currencies:

In millions of tenge	**31 December 2020**	31 December 2019
Borrowings, denominated in tenge	**670,828**	657,821
Borrowings, denominated in US dollars	**252,430**	229,575
Borrowings, denominated in Russian roubles	**76,408**	-
	999,666	887,396

Loans received

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

In 2015, the Fund and NC KMG concluded on interest free loan agreement, according to which the Fund received 394,871 million tenge in 2015-2019. The loan was received to finance the Fund's commitments to increase the share capital of "KMG Kashagan B.V." PLLC and to refinance loans attracted by the Fund for the purchase of shares of "KMG Kashagan B.V." PLLC.

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

In 2020, the Fund received additional tranches from NC KMG in the amount of 54,951 million tenge, which were used to repay the Fund's liabilities under the coupon bonds. The difference between nominal value and fair value of the loan as at the date of tranches issue in the amount of 11,617 million tenge was recognized as finance income in the separate statement of comprehensive income *(Note 22)*.

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

As at 31 December 2020 the carrying value of principal equaled to 380,435 million tenge net of the discount of 69,387 million tenge (31 December 2019: 308,650 million tenge net of the discount of 86,221 million tenge).

Loan from the Bank Tokyo-Mitsubishi UFJ, LTD

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

As at 31 December 2020, the total amount of principal and interest equaled 252,558 million tenge (31 December 2019: 229,575 million tenge).

14. BORROWINGS (continued)

Loans received (continued)

Loan from "ATF Bank" JSC

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

As at 31 December 2020, the total amount of principal and interest equaled 17,637 million tenge (31 December 2019: 19,093 million tenge).

Loan from "VTB Bank"(Kazakhstan) JSC

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

As at 31 December 2020, the total amount of principal and interest equaled 17,114 million tenge.

Loan from VTB Bank

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

As at 31 December 2020, the total amount of principal and interest equaled 59,166 million tenge.

The above loans were used to refinance the obligations under the bonds issued in 2010.

Interest free financial aid from "National Mining Company "Tau-Ken Samruk" JSC (Tauken)

On July 2, 2020, the Fund and Tauken entered into a financial aid agreement, under which they received a loan in the amount of 18,442 million tenge, in order to replenish working capital with a maturity date until December 31, 2021.

Bonds issued and purchased by others and subsidiaries

On 19 March 2020, the Fund refinanced bond issued in the amount of 129,200 million tenge by placing bonds on the organised market with maturity in April 2021.

On 3 December 2020, the Fund placed 3-year bonds with a coupon rate of 10.9%, par value of 129,200 million tenge. The Fund used these funds for early redemption of bonds, which were issued in March 2020.

On 6 October 2020, the Fund redeemed bonds in the total amount of 74,994 million tenge, which were issued in 2010.

Covenants

The Fund is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. As of 31 December 2020 and 2019 the Fund complied with all financial and non-financial covenants

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

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

In millions of tenge	**31 December 2020**	31 December 2019
Bonds purchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	**541,753**	578,002
Other loans from the Government	**51,468**	49,558
Total amounts due to the Government of the Republic of Kazakhstan	**593,221**	627,560
Less: current portion	**(30,773)**	(5,238)
Non-current portion	**562,448**	622,322

Bonds purchased by the National Bank of the Republic of Kazakhstan

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

In this regard, in 2020, in accordance with the corporate decisions made by the Fund, a partial early redemption of bonds at par value in the amount of 88,804 million tenge was carried out within the eleventh bond issue of the Fund purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized amortization of discount on loans from the Government in the amount of 37,581 million tenge in the separate statement of changes in equity *(Note 13)*.

16. OTHER LIABILITIES

In millions of tenge	**31 December 2020**	31 December 2019
Liabilities on financing of other social projects:	**54,027**	11,646
Construction of the National Coordination Center for Emergency Medicine in the city of Nur-Sultan for 200 beds and the National Scientific Center for Infectious Diseases in the city of Almaty for 350 beds	**50,004**	–
Nazarbayev University	**3,973**	6,872
Construction of Athletics complex in Astana	**–**	4,724
Other social projects	**50**	50
Other liabilities	**3,276**	3,007
Total amount of other liabilities	**57,303**	14,653
Less: current portion	**(57,303)**	(11,607)
Non-current portion	**–**	3,046

Liabilities on financing of other social projects

In 2020, based on the order of the Shareholder, the Fund recognized financing for various social projects in the total amount of 92,080 million tenge (2019: 72,353 million tenge) *(Note 13)*.

Actual amount of financing during 2020 totaled to 50,844 million tenge. As at 31 December 2020, the total carrying amount of the liabilities for distribution to the Shareholder equaled 54,027 million tenge (31 December 2019: 11,646 million tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

17. FINANCIAL GUARANTEE LIABILITIES

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

In millions of tenge	**31 December 2020**	31 December 2019
As at 1 January	**31,214**	36,882
Guarantees issued during the year	**21,727**	8,442
Amortization of financial guarantee liabilities	**(9,514)**	(14,110)
As at 31 December	**43,427**	31,214
Less: current portion	**(5,243)**	(4,234)
Non-current portion	**38,184**	26,980

Financial guarantee liabilities include the Fund's liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries and joint venture *(Notes 5 and 6)*. The main part of the guarantee agreements is concluded on the condition that there is no compensation to the Fund. Total outstanding amount of guarantees as at 31 December 2020 is 1,374 million US dollars and 154,479 million tenge (31 December 2019: 1,073 million US dollars, 87,223 million tenge and 4,780 million Russian roubles, respectively).

18. INTEREST INCOME

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

In millions of tenge	**2020**	2019
Unwinding of discount on loans issued	**36,448**	27,518
Interest on bonds	**31,538**	28,616
Interest on loans issued	**13,052**	18,312
	81,038	74,446

19. INTEREST EXPENSES

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

In millions of tenge	**2020**	2019
Interest on bonds issued and borrowings	**46,755**	44,170
Unwinding of discount on financial liabilities	**20,265**	29,843
Loss on discounting of financial assets at initial recognition	**53,389**	167
	120,409	74,180

20. DIVIDEND INCOME

In millions of tenge	**2020**	2019
"National Atomic Company "KazAtomProm" JSC	**80,466**	68,065
"National Company "KazMunayGas" JSC	**73,911**	33,455
"National mining company "Tau-Ken Samruk" JSC	**30,254**	60,000
"Kazakhstan Electricity Grid Operating Company" ("KEGOC") JSC	**29,472**	28,478
"Kazakhtelecom" JSC	**4,335**	4,351
"Samruk-Energy" JSC	**3,066**	2,041
Other subsidiaries	**273**	1,813
	221,777	198,203

In 2020 the Fund received dividends in the amount of 221,777 million tenge (2019: 218,228 million tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

21. GENERAL AND ADMINISTRATIVE EXPENSES

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

In millions of tenge	2020	2019
Sponsorship and charitable donations	**7,398**	7,564
Personnel costs	**3,236**	3,139
Taxes	**1,672**	1,090
Consulting (audit) services and information expenses	**1,199**	1,059
Non-refundable VAT	**851**	654
Other	**10,184**	11,537
	24,540	25,043

Sponsorship and charitable donations

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

Other

Other expenses include other administrative expenses, including expenses for remuneration of members of the management body – the Board of Directors in the total amount of 309 million tenge (2019: 907 million tenge), funds for support of operating activities of subordinated organizations in the total amount of 1,041 million tenge (2019: 1,116 million tenge) and other administrative expenses to ensure operating activities of the Fund.

22. FINANCE INCOME

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

In millions of tenge	2020	2019
Interest on bank deposits	**11,820**	7,284
Discount on borrowings	**11,617**	14,184
Income from financial guarantees	**9,583**	14,188
Interest on current bank accounts	**1,308**	5,709
Amortisation of discount on financial assets	**547**	1,918
Other	**1,663**	2,690
	36,538	45,973

23. FINANCE EXPENSES

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

In millions of tenge	2020	2019
Unwinding of discount on loan from NC KMG	**28,450**	22,558
Other	**9,404**	12,338
	37,854	34,896

24. INCOME TAX EXPENSE

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

In millions of tenge	2020	2019
Withholding tax expense	**3,724**	3,337
Deferred income tax benefit	**–**	(263)
	3,724	3,074

As at 31 December 2020, the Fund was subject to corporate income tax at the statutory rate of 20% (31 December 2019: 20%).

24. INCOME TAX EXPENSE (continued)

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

In millions of tenge	2020	2019
Profit before income tax	**247,796**	209,253
Statutory income tax rate	**20%**	20%
Theoretical income tax expense	**49,559**	41,851
Change in unrecognised deferred tax assets	**17,515**	(2,828)
Expenses on sponsorship and charitable donations	**1,480**	1,513
Allowance on impairment of loans issued and amounts due from credit institutions	**236**	6,191
Income from dividends	**(44,355)**	(39,641)
Gain on disposal of share in subsidiary	**(15,179)**	(8,656)
Discount on financial assets and financial liabilities	**(1,800)**	1,450
Income from financial guarantees	**(1,737)**	(2,229)
Impairment of investments in joint venture	**–**	1,895
Impairment of other non-current assets	**–**	2,016
Other non-taxable differences	**(1,995)**	1,512
Corporate income tax expense presented in the separate statement of comprehensive income	**3,724**	3,074

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

In millions of tenge	**As at 31 December 2020**	**Profit and loss**	As at 31 December 2019	Profit and loss	As at 31 December 2018	Profit and loss	As at 1 January 2018
Deferred tax assets							
Excess of the amount of corporate income tax withheld at the source of payment from income in the form of remuneration, over the amount of corporate income tax calculated	**57,320**	**3,724**	53,596	3,337	50,259	5,697	44,562
Tax loss carryforward	**–**	**–**	–	–	–	(1,060)	1,060
Amounts due from credit institutions	**23,415**	**9,642**	13,773	(2,763)	16,536	13,712	2,824
Loans issued	**612**	**542**	70	(5,494)	5,564	632	4,932
Other assets	**–**	**–**	–	(826)	826	351	475
Property, plant and equipment	**–**	**–**	–	(228)	228	226	2
Other liabilities	**810**	**(178)**	988	951	37	13	24
Less: unrecognized deferred tax assets	**(49,134)**	**(17,515)**	(31,619)	2,828	(34,447)	(7,546)	(26,901)
Deferred tax assets	**33,023**	**(3,785)**	36,808	(2,195)	39,003	12,025	26,978

In millions of tenge	**As at 31 December 2020**	**Profit and loss**	As at 31 December 2019	Profit and loss	As at 31 December 2018	Profit and loss	As at 1 January 2018
Deferred tax liabilities							
Borrowings	**(32,777)**	**3,519**	(36,296)	2,442	(38,738)	(11,786)	(26,952)
Other accounts receivable	**(246)**	**266**	(512)	16	(528)	(264)	(264)
Deferred tax liabilities	**(33,023)**	**3,785**	(36,808)	2,458	(39,266)	(12,050)	(27,216)
Net deferred tax assets/ (liabilities)	**–**	**–**	–	263	(263)	(25)	(238)

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

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

25. RELATED PARTY TRANSACTIONS

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

The following tables show the total amounts of transactions entered into with related parties during 2020 and 2019 and the corresponding balances as at 31 December 2020 and 2019:

In millions of tenge		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Subsidiaries	**31 December 2020**	**619,532**	**447,067**	**–**
	31 December 2019	623,436	352,465	–
Associates and joint ventures of subsidiaries	**31 December 2020**	**5,767**	**–**	**–**
	31 December 2019	6,109	–	–
Other entities controlled by the Government	**31 December 2020**	**174,816**	**667,216**	**62,709**
	31 December 2019	167,521	730,239	42,821

In millions of tenge		Dividends income	Purchases from related parties	Sales to related parties
Subsidiaries	**2020**	**221,777**	**3,287**	**288**
	2019	198,203	3,780	4,790

In millions of tenge		Interest accrued to related parties	Interest incurred to related parties	Finance income accrued to related parties	Finance expenses incurred to related parties
Subsidiaries	**2020**	**50,347**	**5,557**	**11,617**	**28,450**
	2019	44,216	3,523	14,211	22,558
Associates and joint ventures of subsidiaries	**2020**	**552**	**–**	**–**	**–**
	2019	550	–	–	–
Other entities controlled by the Government	**2020**	**8,877**	**39,452**	**2,703**	**–**
	2019	9,080	55,630	1,681	–

The nature of transactions entered into with related parties during 2020 and 2019 are disclosed in the relevant notes to the separate financial statements.

Total compensation to key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income was equal to 575 million tenge for the year ended 31 December 2020 (2019: 1,106 million tenge). The indicated amount includes the compensation to the independent directors, which are members of management personnel, the Board of Directors of 309 million tenge for the year ended 31 December 2020 (2019: 907 million tenge). Compensation to key management personnel consists of salary expenses including taxes, pension contributions and other annual performance based payments.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

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

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

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

In millions of tenge	Increase/ decrease in basis points	Impact on profit before tax
2020		
US dollar	**+1**	**(2,525)**
	-0.25	**631**
Russian rouble	**+1**	**(753)**
	-0.25	**188**
2019		
US dollar	+0.2	(457)
	-0.2	457

Credit risk

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

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

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

Liquidity risk

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

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

The table below summarizes the maturity profile of the Fund's financial liabilities at 31 December 2020 and 2019 based on contractual undiscounted payments.

In millions of tenge	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	>5 years	Total
As at 31 December 2020						
Borrowings	**205**	**1,595**	**141,007**	**781,294**	**279,652**	**1,203,753**
Loans from the Government of the Republic of Kazakhstan	**13**	**24**	**43,343**	**92,154**	**2,007,592**	**2,143,126**
Financial guarantees	**11,582**	**–**	**12,581**	**158,445**	**552,962**	**735,570**
Other liabilities	**–**	**19,382**	**26,300**	**9,913**	**–**	**55,595**
Total	**11,800**	**21,001**	**223,231**	**1,041,806**	**2,840,206**	**4,138,044**

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

In millions of tenge	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	>5 years	Total
As at 31 December 2019						
Borrowings	–	96,424	91,097	749,552	270,011	1,207,084
Loans from the Government of the Republic of Kazakhstan	331	377	23,165	136,667	2,118,816	2,279,356
Financial guarantees	7,674	606	11,127	258,421	246,844	524,672
Other liabilities	–	3,523	5,112	3,812	–	12,447
Total	8,005	100,930	130,501	1,148,452	2,635,671	4,023,559

Currency risk

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

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies' exchange rate, with all other variables held constant, of the Fund's profit/(loss) before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Fund's equity.

In millions of tenge	**Increase/ (decrease) in currency rate**	**Effect on loss/profit before income tax**
2020		
Euro	**14%**	**(4)**
	(11%)	**3**
US dollar	**14%**	**12,124**
	(11%)	**(9,526)**
Russian rouble	**15%**	**(11,293)**
	(15%)	**11,293**
2019		
Euro	12%	(7)
	(9%)	5
US dollar	12%	11,825
	(9%)	(8,869)

Capital management

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

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

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

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

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

In millions of tenge	2020	2019
Share capital	5,258,657	5,229,112
Reserves	(1,472)	(1,472)
Accumulated profit	519,489	501,281
Total equity	5,776,674	5,728,921
Total borrowings and financial guarantees	2,369,123	2,024,175
Total assets	7,470,291	7,289,744
Debt to equity ratio	0.41	0.35

Fair value hierarchy

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

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

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

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

	31 December 2019	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial investments measured at fair value through other comprehensive income *(Note 9)*	1,213	1,213	–	–

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments

The carrying value of the Funds's financial instruments as of 31 December 2020 and 2019 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	2020				
			Fair value by level of assessment		
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Amounts due from credit institutions *(Note 8)*	435,694	417,961	–	417,961	–
Loans with fixed interest rate *(Note 7)*	734,521	674,432	–	674,432	–
Financial liabilities					
Borrowings with fixed interest rate / bonds issued *(Note 14)*	999,666	986,055	–	986,055	–
Loans from the Government of the Republic of Kazakhstan *(Note 15)*	593,221	416,016	–	416,016	–
Financial guarantee liabilities *(Note 17)*	43,427	33,105	–	33,105	–
Other liabilities	4,259	4,259	–	4,259	–

	2019				
			Fair value by level of assessment		
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Amounts due from credit institutions *(Note 8)*	380,308	354,748	–	354,748	–
Loans with fixed interest rate *(Note 7)*	742,770	708,999	–	708,999	–
Financial liabilities					
Borrowings with fixed interest rate / bonds issued *(Note 14)*	887,396	865,343	–	865,343	–
Loans from the Government of the Republic of Kazakhstan *(Note 15)*	627,560	548,717	–	548,717	–
Financial guarantee liabilities *(Note 17)*	31,214	19,986	–	19,986	–
Other liabilities	11,990	10,134	–	10,134	–

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financing activities

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

	2019					
In millions of tenge	1 January 2019	Cash flows	Foreign exchange movement	New liabilities	Other	31 December 2019
Other liabilities	31,796	(94,129)	1,045	72,353	865	11,930
Dividends payable	–	(63,750)	–	63,750	–	–
Loans from the Government of the Republic of Kazakhstan	436,543	(53,662)	–	–	34,428	417,309
Borrowings	250,930	(1,446)	(966)	–	–	248,518
Other bonds issued	149,994	–	–	–	–	149,994
Total liabilities from financing activities	869,263	(212,987)	79	136,103	35,293	827,751

27. SEGMENT REPORTING

The Fund's business operations are located in the Republic of Kazakhstan and are focused on increasing the long-term value of organizations that are part of the Fund's group, and effective management of assets included in the Fund's group. The Fund believes that it has only one reportable segment in accordance with IFRS 8. Segment valuation is measured on the basis of profit or loss and measured in accordance with profit or loss in the financial statements prepared in accordance with IFRS.

28. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Due to uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2020.

As at 31 December 2020, Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Fund's tax positions will be sustained, except as provided for or otherwise disclosed in these separate financial statements.

Legal proceedings

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

28. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES (continued)

Legal proceedings (continued)

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

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

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

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

On 17 March 2021, a hearing was held in the main proceedings. On 28 April 2021, a court decision is expected on the status of further proceedings in the Main Trial.

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

Commitments on secondary use of anti-crisis funds

As at 31 December 2020 Fund's commitments included commitments to finance the program "Nurly Zher" programme (formerly the Affordable Housing Programme 2020) in the amount of 3,241 million tenge and commitments to finance investment projects in the amount of 63,110 million tenge, including the following:

- Financing the implementation of the investment project "Construction of an integrated gas chemical complex in Atyrau region. The first Phase" in the amount of not greater than 61,409 million tenge;
- Financing of the project "Creation of a special economic zone "Taraz Chemical Park" in the amount of 201 million tenge;
- Financing the acquisition of three leased aircraft by Qazaq Air JSC in the amount of 1,500 million tenge.

29. SUBSEQUENT EVENTS

Loans issued

On 26 January 2021, the Fund provided an additional tranche in the amount of 711 million tenge to UCC, for the purpose of further issuing a loan to "Polymer Production" LLP.

On 28 January 2021, the Fund provided Qazaq Air JSC with a loan of 942 million tenge, to finance working capital, including the cost of operating leases and maintenance of aircraft engineering support, aviation insurance and recruitment of flight personnel.

On 4 February 2021, the Fund provided Qazaq Air JSC with a loan in the amount of 147 million tenge to finance the purchase of three leased aircraft.

Changes in investments in subsidiaries

On 4 March 2021, the Fund made a cash contribution of 7,050 million tenge to the share capital of UCC.

Loans received

On 2 February and 15 March 2021, the Fund, within the framework of one credit line, received two tranches of loans from Sberbank JSC in the amount of 4 billion Russian rubles (equivalent to 22,600 million tenge at the exchange rate as of the date of the transaction).

Other distributions to the Shareholder

On 23 February 2021, based on the order of the Shareholder, the Fund carried out the first tranche in the amount of 18,000 million tenge in order to finance the construction of social medical facilities.