# “Sovereign Wealth Fund “Samruk-Kazyna” JSC

Separate financial statements

*For the year ended 31 December 2019,*
*with independent auditor’s report*

## CONTENTS

«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

# 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 2019, 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 2019 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' 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.<br><br>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.<br><br>Information on investments in subsidiaries and joint venture and the impairment tests performed is disclosed in *Note 4* to the separate financial statements. | We involved our business valuation specialists in the testing of impairment analysis and calculation of value in use as recoverable amount performed by management in relation to investments in several subsidiaries and joint venture, where impairment indicators were identified. 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.<br><br>We tested the mathematical integrity of the impairment models and assessed their sensitivity to changes in assumptions.<br><br>We analysed disclosures on impairment test in the separate financial statements. |

Building a better working world

*Compliance with loan covenants*

| | |
|---|---|
| In accordance with the terms of the loan agreement, the Fund should maintain and comply with certain covenants and cross default conditions.<br><br>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.<br><br>Information on compliance with covenants is disclosed in *Note 17* to the separate financial statements. | We examined the terms of the loan on covenants including additional clauses on cross default conditions.<br><br>We compared data used in the calculations with the financial statements.<br><br>We assessed arithmetic accuracy of financial covenants calculations.<br><br>We analyzed the forecast made on approved Budgets as of 31 December 2019, if a breach is likely in the next 12 months, we obtained and analyzed management's analysis for the potential impact on going concern.<br><br>We also analyzed the information disclosed in the separate financial statements |

***Other information included in the Fund's 2019 Annual Report***

Other information consists of the information included in the Fund's 2019 Annual Report other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Fund's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Gulmira Turmagambetova
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

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

6 April 2020

# SEPARATE STATEMENT OF FINANCIAL POSITION

## For the year ended 31 December 2019

| *In millions of tenge* | Notes | 2019 | 2018 (recalculated)* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **10,641** | 10,294 |
| Investment property | | **7,520** | 8,738 |
| Intangible assets | | **943** | 2,270 |
| Investments in subsidiaries | 5 | **4,261,257** | 4,173,192 |
| Investments in joint ventures | 6 | **1,538,778** | 1,538,636 |
| Loans issued and financial lease debt | 7 | **549,500** | 388,420 |
| Amounts due from credit institutions | 8 | **309,946** | 300,954 |
| Other non-current financial assets | 9 | **1,213** | 1,101 |
| Other non-current assets | 10 | **23,435** | 43,533 |
| | | **6,703,233** | 6,467,138 |
| **Current assets** | | | |
| Income tax prepaid | | **2,382** | 3,954 |
| Loans issued and financial lease debt | 7 | **193,270** | 246,655 |
| Amounts due from credit institutions | 8 | **70,362** | 80,987 |
| Other current assets | 11 | **7,661** | 78,875 |
| Cash and cash equivalents | 12 | **312,836** | 357,602 |
| | | **586,511** | 768,073 |
| **Total assets** | | **7,289,744** | 7,235,211 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 13 | **5,229,112** | 5,133,766 |
| Revaluation reserve of investments at fair value through other comprehensive income | | **(1,472)** | (1,423) |
| Retained earnings | | **501,281** | 482,936 |
| **Total equity** | | **5,728,921** | 5,615,279 |
| **Non-current liabilities** | | | |
| Borrowings | 14 | **675,019** | 814,451 |
| Loans from the Government of the Republic of Kazakhstan | 15 | **622,322** | 630,433 |
| Financial guarantee liabilities | 17 | **26,980** | 29,290 |
| Deferred tax liability | 24 | **–** | 263 |
| Other non-current liabilities | 16 | **3,046** | 10,734 |
| | | **1,327,367** | 1,485,171 |
| **Current liabilities** | | | |
| Borrowings | 14 | **212,377** | 8,774 |
| Loans from the Government of the Republic of Kazakhstan | 15 | **5,238** | 22,973 |
| Financial guarantee liabilities | 17 | **4,234** | 7,592 |
| Other current liabilities | 16 | **11,607** | 95,422 |
| | | **233,456** | 134,761 |
| **Total liabilities** | | **1,560,823** | 1,619,932 |
| **Total equity and liabilities** | | **7,289,744** | 7,235,211 |

* *Certain number shown here do not correspond to the separate financial statements for the year ended 31 December 2018 and reflects adjustments made, refer to Note 2.*

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

*Beibit Karymsakov*

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 2019

| *In millions of tenge* | Notes | 2019 | 2018 |
|---|---|---|---|
| Interest income | 18 | **74,446** | 69,755 |
| Interest expense | 19 | **(74,180)** | (124,531) |
| Dividend income | 20 | **198,203** | 299,793 |
| **Gross profit** | | **198,469** | 245,017 |
| General and administrative expenses | 21 | **(25,043)** | (23,684) |
| Finance income | 22 | **45,973** | 131,439 |
| Finance expenses | 23 | **(34,896)** | (30,008) |
| Gain on disposal of share in subsidiary | 5 | **43,278** | 140,023 |
| Loss on impairment of other non-current assets | 10 | **(10,079)** | – |
| Loss on impairment of investments in subsidiary and joint venture | 4 | **(9,474)** | – |
| (Loss on accrual of) / reversal of allowance for expected credit losses, net | | **(855)** | 1,054 |
| Foreign exchange income/(loss), net | | **444** | (875) |
| Other income/(loss), net | | **1,436** | (65,611) |
| **Profit before income tax** | | **209,253** | 397,355 |
| Income tax expense | 24 | **(3,074)** | (5.722) |
| **Net profit for the year** | | **206,179** | 391,633 |
| **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)** | (246) |
| **Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of income tax** | | **(49)** | (246) |
| **Total comprehensive income for the year, net of tax** | | **206,130** | 391,387 |

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

*Beibit Karymsakov*

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 2019

| *In millions of tenge* | Notes | 2019 | 2018 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Dividend received | | **218,228** | 296,194 |
| Loans received | 14 | **54,720** | 52,293 |
| Repayment of loans issued | | **77,852** | 304,078 |
| Redemption of amounts due from credit institutions, net | | **25,753** | 46,465 |
| Redemption of issued bonds purchased by National bank | | **–** | (123,604) |
| Repayment of loans received | | **–** | (81,000) |
| Redemption of loans received from the Government | | **(19,287)** | (1,011) |
| Loans given to subsidiaries | 7 | **(55,663)** | (146,271) |
| Loans given to third-party organizations | | **–** | (5,328) |
| Acquisition of bonds issued by third-party organizations and related parties | 7 | **(5,751)** | (110,299) |
| Acquisition of bonds issued by credit institutions | | **–** | (38,487) |
| Acquisition of bonds issued by subsidiaries | 7 | **(40,000)** | – |
| Repayment of other liabilities | | **(70.196)** | – |
| Payments to suppliers | | **(8,912)** | (10,413) |
| Payroll payments | | **(3,398)** | (3,593) |
| Sponsorship | 21 | **(7,564)** | (5,559) |
| Withholding tax | 24 | **(3,337)** | (5,697) |
| Other taxes and payments | | **(3,141)** | (7,753) |
| Interest received | | **51,260** | 58,584 |
| Interest paid | | **(55,387)** | (68,061) |
| Other cash receipts | | **60** | 2,298 |
| **Net cash flows received from operating activities** | | **155,237** | 152,836 |
| **Cash flows from investing activities** | | | |
| Withdrawal of bank deposits, net | | **(10,274)** | 197,591 |
| Contributions to subsidiaries | 5 | **(61,422)** | (66,154) |
| Proceeds from the sale of bank shares | 11 | **57,473** | 5,000 |
| Proceeds from redemption of bonds issued by subsidiaries | | **25,749** | – |
| Purchase of property, plant and equipment | | **(864)** | (20,850) |
| Purchase of intangible assets | | **(76)** | (406) |
| Purchase of joint ventures | 6 | **(9,616)** | (17,942) |
| Purchase of bonds issued by second-tier banks | | **(37,307)** | – |
| Proceeds from the redemption of bonds issued by second-tier banks | | **29,519** | – |
| Purchase of debt instruments, issued by subsidiaries | | **(127,154)** | (120,000) |
| Other cash receipts | | **–** | 182 |
| **Net cash flows used in investing activities** | | **(133,972)** | (22,579) |

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

## SEPARATE STATEMENT OF CASH FLOWS (continued)

| *In millions of tenge* | Notes | 2019 | 2018 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Contributions to the share capital | 13 | **95,196** | – |
| Distributions to the Shareholder | 16 | **(94,186)** | (47,616) |
| Dividends paid to the Shareholder | 13 | **(63,750)** | (12,732) |
| Loans received | | **–** | 20,580 |
| Repayment of loans received | | **(1,446)** | (307,348) |
| Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control | | **49,145** | 160,423 |
| Issued bonds received | | **–** | 74,748 |
| Repayment of Government loans | 15 | **(53,662)** | (38,057) |
| Other income | | **3,910** | – |
| **Net cash flows (used in) / received from financing activities** | | **(64,793)** | (150,002) |
| **Net increase in cash and cash equivalents** | | **(43,528)** | (19,745) |
| Effect of changes in exchange rates on cash and cash equivalents | | **(1,238)** | 22,770 |
| Cash and cash equivalents, at the beginning of the period | | **357,602** | 354,577 |
| **Cash and cash equivalents, at the end of the period** | | **312,836** | 357,602 |

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

*Beibit Karymsakov*

Chief accountant

*Almaz Abdrakhmanova*

# SEPARATE STATEMENT OF CHANGES IN EQUITY

## For the year ended 31 December 2019

| *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 2017** | | 5,133,476 | (1,177) | 234,183 | 5,366,482 |
| Net profit for the year | | – | – | 391,633 | 391,633 |
| Other comprehensive loss | | – | (246) | – | (246) |
| **Total comprehensive income for the year** | | – | (246) | 391,633 | 391,387 |
| Issue of shares | 13 | 290 | – | – | 290 |
| Discount on loans from the Government | 13 | – | – | (10,477) | (10,477) |
| Other transactions with the Shareholder | 13 | – | – | (31,340) | (31,340) |
| Dividends | 13 | – | – | (12,732) | (12,732) |
| Other distributions to the Shareholder | 13 | – | – | (88,331) | (88,331) |
| **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 distributon to Shareholder | 13 | **–** | **–** | **(28,166)** | **(28,166)** |
| **Balance as at 31 December 2019** | | **5,229,112** | **(1,472)** | **501,281** | **5,728,921** |

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

*Beibit Karymsakov*

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 2019**

## 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 Managing Director for Economy and Finance and Chief accountant of the Fund on 6 April 2020.

These separate financial statements were issued in addition to the consolidated financial statements of the Fund. The consolidated financial statements were authorized for issue by the Managing Director for Economy and Finance and Chief accountant of the Fund on 6 April 2020.

## 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.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 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 2019 the currency exchange rate of KASE was 382.59 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as at 31 December 2019 (as at 31 December 2018: 384.2 tenge to 1 US dollar). The currency exchange rate of KASE as at 6 April 2020 was 439.01 tenge to 1 US dollar.

### Adjustments that can affect comparative information

*Reclassification of Sekerbank TAS*

For the year ended 31 December 2019, the Fund transferred investments in Sekerbank TAS from assets classified as held for sale to other long-term assets. The corresponding adjustments were made retrospectively.

Impact on comparative information of the separate statement of financial position for the year ended 31 December 2018.

| *In millions of tenge* | 31 December 2018 (audited) | Reclassification | 31 December 2018 (recalculated) |
|---|---|---|---|
| **Assets** | | | |
| **Other non-current assets** | | | |
| Shares of Sekerbank TAS | – | 17,986 | 17,986 |
| | **6,449,152** | **17,986** | **6,467,138** |
| Assets classified as held for sale | 17,986 | (17,986) | – |

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### New standards, interpretations and amendments to current standards and clarifications

The Fund applies, for the first time, IFRS 16 *Leases*. The nature and impact of changes resulting from the application of this financial reporting standard are described below.

In 2019 some other amendments to the standards and clarifications which didn't affect separate financial statements of the Fund were also applied for the first time. The Fund didn't prematurely apply standards, clarifications, or amendments that were issued but haven't yet entered into force.

*IFRS 16 Leases*

IFRS 16 replaces IAS 17 *Leases*, Clarification IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC 15 *Operating Leases – Incentives*, and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles of recognition, measurement, presentation and disclosure of lease information and requires that leaseholders reflect most lease agreements in the separate statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Thus, the application of IFRS 16 did not affect the accounting of lease agreements in which the Fund is the lessor.

The Fund first applied IFRS 16 on 1 January 2019 using a modified retrospective application method. According to this method, the standard is applied retrospectively with recognition of the cumulative effect of the initial application of the standard on the date of initial application. When switching to the standard, the Fund decided to use a practical simplification that allows not to re-analyze whether the contract as a whole or its individual components is a lease agreement as of 1 January 2019. Instead, the Fund, at the date of initial application, applied the standard only to contracts that were previously identified as leases applying IAS 17 and the Clarification IFRIC 4.

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

### New standards, interpretations and amendments to current standards and clarifications (continued)

*IFRS 16 Leases (continued)*

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Fund has performed a detailed assessment of IFRS 16 impact and does not expect a significant impact on its separate financial statements.

Prior to the application of IFRS 16, the Fund classified each lease agreement (in which it was a lessee) at the beginning of the lease relationship as a financial lease or as an operating lease. A lease was classified as a finance lease if virtually all the risks and benefits associated with ownership of the leased asset were transferred to the Fund, otherwise the lease was classified as an operating lease. Finance leases were capitalized at the beginning of the lease at the fair value of the leased property or, if this amount is less, at the present value of the minimum lease payments that were determined at the beginning of the lease relationship. Lease payments were allocated between interest (which was recognized as financing costs) and a decrease in the lease liability. In the case of operating leases, the value of the leased property was not capitalized, and lease payments were recognized as lease expenses in seprate statement of comprehensive income on a straight-line method over the lease term.

*IFRIC Interpretation 23 Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses an approach that will allow to more accurately predict the result of resolving the uncertainty. The Fund uses significant judgment when identifying uncertainty regarding the rules for calculating income tax. When applying the explanation, the Fund analyzed whether it had any uncertain tax interpretations. Taking into account that the Fund complies with the requirements of tax legislation, the Fund concluded that it is likely that the tax authorities will accept the tax interpretations it applies. This explanation had no impact on the separate financial statements of the Fund.

*Amendments to IFRS 9: Prepayment Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments have no impact on the separate financial statements of the Fund.

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

### New standards, interpretations and amendments to current standards and clarifications (continued)

*Amendments to IAS 19: Making Changes to the Program, Reducing the Program, or Paying off Obligations under the Program*

Amendments to IAS 19 consider the accounting treatment in cases where changes to the program, reduction of the program, or repayment of obligations under the program occur during the reporting period. The amendments clarify that if changes to the program, reduction of the program, or repayment of program obligations occur during the annual reporting period, the organization must determine the cost of the current period's services for the remainder of the period after changes to the program, reduction of the program, or full repayment of program obligations, based on actuarial assumptions used to revalue the net liability (asset) of the program with defined benefit reflecting the rewards offered under the program, and assets of the program after this event. The organization must also determine the net amount of interest for the remainder of the period after changes to the program, reduction of the program, or full repayment of the program obligations, using: the net liability (asset) of the program with defined benefit, reflecting the rewards offered under the program and the program assets after this event; and the discount rate used to revalue this net liability (asset) with the defined benefit.

These amendments did not have an impact on the seprate financial statements of the Fund.

*Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures.*

These amendments have no impact on separate financial statements of the Fund, since the Fund does not have the long-term investments in an associate or joint venture considered in them.

*IFRS 3 Business Combinations*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

These amendments did not affect separate financial statements of the Fund due to the absence of such transactions in the periods presented.

*IFRS 11 Joint Arrangements*

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

These amendments had no impact on separate financial statements of the Fund due to the lack of operations in which it receives joint control.

*IAS 12 Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

When these amendments are first applied, the organization must apply them to the tax consequences for dividends recognized on or after the beginning of the earliest comparative period.

As the Fund's current policy meets the requirements of the amendments, their application did not affect separate financial statements of the Fund.

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

**New standards, interpretations and amendments to current standards and clarifications (continued)**

*IAS 23 Borrowing Costs*

The amendments clarify that an organization should consider loans received specifically for the acquisition of a qualifying asset as part of loans for general purposes when almost all the work necessary to prepare the asset for its intended use or sale has been completed.

The organization must apply these amendments to borrowing costs incurred on or after the start date of the annual reporting period in which the organization first applies these amendments.

As the Fund's current policy meets the requirements of the amendments, their application did not affect separate financial statements of the Fund.

**Standards that have been issued but not yet effective**

The following are new standards, amendments and clarifications that have been issued but are not yet effective as of the date of separate financial statements of the Fund. The Fund intends to adopt these standards, amendments and clarifications, if applicable, from the date of their entry into force.

*IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a new comprehensive standard for financial reporting for insurance contracts that addresses the recognition and measurement, presentation and disclosure of information. When IFRS 17 enters into force, it will replace IFRS 4 *Insurance Contracts*, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (that is, life insurance and insurance other than life insurance, direct insurance and reinsurance), regardless of the type of organization that issues them, as well as certain guarantees and financial instruments with conditions discretionary participation. There are several exceptions to the scope of application. The main purpose of IFRS 17 is to provide a model for accounting for insurance contracts, which is more efficient and consistent for insurers. Unlike IFRS 4, which is mainly based on previous local accounting policies, IFRS 17 provides a comprehensive model for accounting for insurance contracts, covering all relevant aspects of accounting.

IFRS 17 is based on a general model, supplemented by the following:

- Certain modifications for insurance contracts with direct participation in investment income (variable compensation method);
- Simplified approach (award-based approach) mainly for short-term contracts.

IFRS 17 becomes effective for accounting periods beginning on or after 1 January 2021, and comparative information is required. Earlier application is permitted provided that the organization also applies IFRS 9 and IFRS 15 at the date of the first application of IFRS 17 or before it. This standard is not applicable to the Fund.

*Amendments to IFRS 3 Business Combinations*

In October 2018, the IASB issued amendments to IFRS 3 *Business Combinations*, which changed the definition of the term "business" and should help organizations determine whether the acquired set of activities and assets is a business or not. These amendments clarify the minimum business requirements, eliminate the assessment of whether market participants are able to replace any missing element, add guidance to help organizations assess whether the acquired process is significant, narrow the definition of business and returns, and introduce an optional test for the presence of a fair value concentration. New illustrative examples were also provided along with the amendments.

Since these amendments are applied on a perspective basis to transactions or other events that occur on or after the date of their initial application, these amendments will not affect the Fund as of the transition date.

*Amendments to IAS 1 and IAS 8 Determination of Materiality*

In October 2018, the IASB issued amendments to IAS 1 *Presentation of the Financial Statement* and IAS 8 *Accounting Policy, Changes in Accounting Estimates and Errors* to align the determination of materiality in different standards and clarify some aspects of this determination. According to the new definition "information is essential if it can reasonably be expected that its omission, misrepresentation, or masking will affect the decisions of the main users of General purpose statements make based on these financial statements that provide financial information about a particular reporting entity".

The amendments to the determination of materiality are not expected to have a significant impact on separate financial statements of the Fund.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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

**Investment in subsidiaries, joint ventures and associates**

Investments of the Fund in its subsidiaries, joint ventures and associates is initially recognized at cost less impairment. An associate – is an entity over which the Fud has significant influence, but is not the subsidiary, nor joint venture.

**Financial assets**

***Initial recognition and measurement***

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset 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 under 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.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through profit or loss.

*Financial assets at amortised cost (debt instruments)*

The Fund measures financial assets at amortised cost if both of the following conditions 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 at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include trade and other receivables, loans due from third and related parties and bank deposits.

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

**Financial assets (continued)**

***Subsequent measurement (continued)***

*Financial assets at fair value through other comprehensive income*

The Fund measures financial assets at FVOCI if both of the following conditions 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.

The Fund's financial assets at FVOCI 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 FVTPL includes loans issued by the Fund to related parties and containing derivative financial instruments and coupon bonds included in other financial assets, which are necessarily measured at fair value. Financial assets for which cash flows are not exclusively payments for the principal amount of debt and interest are classified and valued at FVTPL irrespective of the business model used. Despite the criteria for classifying debt instruments at amortized cost or at FVTPL, as described above, debt instruments can be classified as at FVTPL at initial recognition if this type of classification eliminates or substantially reduces the accounting mismatch.

Financial assets measured at fair value through profit or loss are carried in the separate statement of financial position at fair value with net changes in fair value recognized in the separate statement of comprehensive income.

***Derecognition***

A financial asset is primarily derecognised (removed from the consolidated balance sheet) 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 Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 has retained.

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 Group could be required to repay.

***Impairment of financial assets***

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held 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)***

ECLs 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 ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*Available-for-sale financial investments*

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

If an available-for-sale equity security is impaired, according to qualitative and quantitative impairment criteria, determined by the Fund, any further declines in the fair value at subsequent reporting dates are recognized as impairment. Therefore, at each reporting date, for an equity security that was determined to be impaired according to the impairment criteria of the Fund, impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairment.

*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.

**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.

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

**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.

***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.

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

**Financial liabilities (continued)**

***Subsequent measurement (continued)***

*Options arising on investments acquisition (continued)*

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.

**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.

## 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 45,806 million tenge as at 31 December 2019 (as at 31 December 2018: 34,447 million tenge) *(Note 24)*.

**Estimation of expected credit losses**

The measurement of impairment losses both under IFRS 9 and IAS 39 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.

## 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 2019. 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.

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 10.7%.

As at 31 December 2019 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 by 10% compared to budget;
- *Domestic, export and import freight transportation tariffs* – a decrease of the annual budgeted growth of tariffs for services of the main railway network and locomotive traction services to the historic average tariffs growth level for the past years of 4% and 8.3%, respectively;
- *Discount rate (WACC)* – an increase of the discount rate from 10.7% to 12.85%.

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 "AstanaGasKMG" JSC ("AstanaGas")*

Due to existing impairment indicators, the Fund performed an impairment test as at 31 December 2019. 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 11.8% was used in calculations. As a result of this analysis, as at 31 December 2019, the management of the Fund recognized an impairment loss on investments in the amount of 9,474 million tenge in the separate statement of comprehensive income.

## 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:

| | | | | | Ownership | |
|---|---|---|---|---|---|---|
| *In millions of tenge* | **Activity** | **Country** | **31 December 2019** | 31 December 2018 | **31 December 2019** | 31 December 2018 |
| "National Company "Kazakhstan Temir Zholy" JSC | Cargo and passengers railway transportation | Kazakhstan | **1,490,915** | 1,449,825 | **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 | **453,302** | 452,608 | **100.00%** | 100.00% |
| "United Chemical Company" LLP | Development of chemical industry of RK | Kazakhstan | **360,962** | 311,246 | **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% |
| "National Atomic Company "KazAtomProm" JSC | Uranium production | Kazakhstan | **120,648** | 120,648 | **90.00% + 1** | 90.00% + 1 |
| "Kazakhstan Electricity Grid Operating Company" ("KEGOC") JSC | Electricity transmission | Kazakhstan | **119,879** | 125,489 | **81.20%** | 85.00% |
| "Kazakhtelecom" JSC | Fixed line telecommunication | Kazakhstan | **93,212** | 93,212 | **51.00%** | 51.00% |
| "Samruk-Kazyna Invest" LLP | Professional services on investment projects | Kazakhstan | **44,282** | 23,388 | **100.00%** | 100.00% |
| "Kazpost" JSC | Postal and financial services | Kazakhstan | **38,183** | 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% |
| Samruk-Kazyna Contract" LLP | Project management | Kazakhstan | **8,585** | 8,585 | **100.00%** | 100.00% |
| AO "Qazaq Air" | Passengers air transportation | Kazakhstan | **8,162** | 256 | **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 | **2,055** | 2,055 | **100.00%** | 100.00% |
| "Kazakhstan atomic electricity stations" JSC | Realization the construction projects of nuclear power plants | Kazakhstan | **1,030** | 689 | **100.00%** | 100.00% |
| "KOREM" JSC | Operator of electricity market | Kazakhstan | **161** | 161 | **100.00%** | 100.00% |
| MAEK-KazAtomProm" LLP | Production of electricity and heat, drinking and industrial water | Kazakhstan | **–** | 18,287 | **–** | 100.00% |
| "International Airport Aktobe" JSC | Airport services | Kazakhstan | **–** | 6,029 | **–** | 100.00% |
| "Airport Pavlodar" JSC | Airport services | Kazakhstan | **–** | 1,454 | **–** | 100.00% |
| "International Airport Atyrau" JSC | Airport services | Kazakhstan | **–** | 1,196 | **–** | 100.00% |
| | | | **4,261,257** | 4,173,192 | | |

## 5. INVESTMENTS IN SUBSIDIARIES (continued)

### Changes in investments in subsidiaries

*"National Company "Kazakhstan Temir Zholy" JSC ("KTZh")*

In 2019, the Fund made a contribution to the share capital of KTZh for a total amount of 41,090 million tenge. The contribution was made in the form of a cash contribution of 19,225 million tenge and 150 million tenge in the form of a property contribution *(Note13)*.

Also, the Fund purchased bonds issued by KTZh in the amount of 40,000 million tenge with an interest rate below the market, a discount of which in the amount of 21,715 million tenge, calculated as the difference between the fair value at the date of issue of this loan and its nominal value, was recognized as an increase in investments. *(Note 7)*.

*"United Chemical Company" LLP ("UCC")*

The Fund made a contribution to the share capital of UCC in the total amount of 49,716 million tenge. The contribution was made in the form of a cash contribution of 40,656 million tenge, including 25,000 million tenge, using funds of the Republican budget *(Note 13)* and 7,747 million tenge in connection with the recognition of financial guarantee liabilities. Also, the Fund provided UCC with additional tranches of 3,406 million tenge with an interest rate below the market, a discount of which of 1,313 million tenge, calculated as the difference between the fair value at the date of issue of this loan and its nominal value, was recognized as an increase in investments *(Note 7)*.

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

As part of the Comprehensive Privatization Plan for 2016-2020, the Fund through an IPO sold 3.8% of Kazatomprom shares on the Astana International Financial Center Exchange, as well as on the London Stock Exchange. Total revenue amounted to 49,700 million tenge. As a result of the transaction, the Fund recognized the disposal of an investment in a subsidiary in the amount of tenge 5,610 million, income from the disposal of a share in a subsidiary, net of commission costs, in the amount of 43,278 million tenge in the separate statement of comprehensive income.

*AO "Qazaq Air"*

In 2019 the Fund provided a loan to Qazaq Air JSC for a total of 35,500 million tenge with an interest rate below the market, a discount of 7,906 million tenge calculated as the difference between the fair value at the date of issue of this loan and its nominal value, was recognized as an increase in investment *(Note 7)*.

*"Kazakhstani Atomic Electrical Stations" JSC ("KAES")*

On 9 April 2019, the Fund made a contribution to the share capital of KAES of 341 million tenge in the form of a cash contribution.

*"MAEK-KazAtomProm" LLP*

In 2019 the Fund made a contribution to the share capital of MAEK-Kazatomprom LLP of 1,200 million tenge in the form of a cash contribution.

In December 2019, the Fund transferred a controlling interest in MAEK-Kazatomprom LLP in favor of the state institution "Committee of State Property and Privatization of the Republic of Kazakhstan". The transaction on the disposal of investments in the amount of tenge 19,487 million was recognized as Assets for distribution to Shareholder *(Note 13)*.

*Transfer of Airports to the Government*

Under a Decree of the Government of the Republic of Kazakhstan dated 31 July 2019, the Fund on 10 September 2019, transferred controlling stakes in three airports: Aktobe International Airport JSC, Pavlodar Airport JSC and Atyrau International Airport JSC to the Akimat of Aktobe, Pavlodar and Atyrau regions for a total amount of 8,679 million tenge. Transfer of investments has been recognized as Assets for distribution to Shareholder *(Note 13)*.

## 6. INVESTMENTS IN JOINT VENTURES

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| "KMG Kashagan B.V." PLLC | **1,494,941** | 1,494,941 |
| "Astana Gas KMG" JSC | **43,695** | 43,695 |
| "Ekibastuz GRES-2" | **9,616** | – |
| Less: allowance on impairment | **(9,474)** | – |
| | **1,538,778** | 1,538,636 |

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

| | | | Ownership | |
|---|---|---|---|---|
| **Company** | **Activity** | **Country** | **31 December 2019** | 31 December 2018 |
| "KMG Kashagan B.V." PLLC | Oil and gas industry | Netherlands | **50.00%** | 50.00% |
| "AstanaGasKMG" JSC | Gas pipeline construction | Kazakhstan | **50.00%** | 50.00% |
| "Stantsiya Ekibastuzskaya GRES-2" JSC | Production, transmission and distribution of electric energy | Kazakhstan | **50.00%** | – |

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

On 12 December 2019, in accordance with the sale and purchase agreement dated 27 December 2018, the Fund acquired from PJSC Inter RAO a 50% shares in EGRES-2 in the amount of 25,000 million US dollars (equivalent to 9,616 million tenge at the exchange rate for payment date).

*Impairment of investments in "AstanaGasKMG" JSC*

In 2019 the Fund recognized an impairment loss on investments in the amount of 9,474 million tenge in the separate statement of comprehensive income *(Note 4)*.

## 7. LOANS ISSUED AND FINANCIAL LEASE DEBT

As at 31 December loans issued comprised the following:

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| **Loans issued to subsidiaries** | **389,574** | 405,006 |
| "Samruk-Kazyna Construction" JSC (former – "Real Estate Fund "Samruk-Kazyna" JSC) | **106,953** | 119,827 |
| "Samruk-Energy" JSC | **87,287** | 85,234 |
| "National Company "Kazakhstan Temir Zholy" JSC | **81,960** | 80,475 |
| "Qazaq Air" JSC | **58,552** | 27,857 |
| "United Chemical Company" LLP | **46,214** | 39,372 |
| Other | **8,608** | 52,241 |
| **Loans issued to third parties and related parties** | **16,102** | 23,619 |
| "Doszhan Temir Zholy" JSC | **7,468** | 7,865 |
| "National Company "Kazakhstan Engineering" JSC | **4,977** | 4,920 |
| "AYT Housing Complex" LLP | **–** | 7,099 |
| Other | **3,657** | 3,735 |
| **Bonds issued by subsidiaries** | **245,498** | 145,000 |
| "Kazakhtelecom" JSC | **100,000** | 100,000 |
| "Atyrau Oil Refinery" LLP | **51,649** | – |
| "National Company "Kazakhstan Temir Zholy" JSC | **43,844** | 25,000 |
| "Samruk-Kazyna Construction" JSC | **–** | 20,000 |
| Other | **50,005** | – |
| **Bonds issued by third parties and related parties** | **102,194** | 94,173 |
| "NMH Baiterek" JSC | **58,486** | 50,710 |
| "Baiterek Venture Fund" JSC | **40,150** | 40,150 |
| Other | **3,558** | 3,313 |
| Interest receivable | **18,826** | 9,804 |
| Less: allowance for expected credit losses | **(40,038)** | (42,527) |
| **Total loans issued** | **732,156** | 635,075 |
| Finance lease debt | **10,614** | – |
| **Total loans and finance lease arrears** | **742,770** | – |
| Less: current portion | **(193,270)** | (246,655) |
| **Non-current portion** | **549,500** | 388,420 |

**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 2,280 million in 2019 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 2019, Samruk-Kazyna Construction JSC partially repaid loans of 15,155 million tenge (2018: 81,245 million tenge).

As at 31 December *2019*, the total carrying amount of the principal and interest receivable on all loans issued by Samruk-Kazyna Construction JSC amounted to tenge 108,657 million (31 December 2018: 121,362 million tenge).

## 7. LOANS ISSUED AND FINANCIAL LEASE DEBT (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 5,119 million tenge in 2019, with a loan maturity date of 31 December 2030 and interest rate of 0.01%. The purpose of the loan is to finance working capital, including the cost of operating leases and maintenance of aircraft engineering support, aviation insurance, and hiring of flight personnel.

On 25 February 2019, the Fund entered into a loan agreement with Qazaq Air JSC, under which it provided a loan of 16,000 million tenge on 28 February 2019, with a maturity of up to 28 February 2031 and an interest rate of 0.1%. The purpose of the loan was to purchase two new aircraft. Financing was carried using the fund of the National Fund of the Republic of Kazakhstan. At initial recognition, the loan was measured at its fair value of 10,548 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 5,452 million tenge was recognized as an increase in investment in the subsidiary *(Note 5).*

On 1 March 2019, Qazaq Air JSC made a repayment of the financial aid in the amount of 2,987 million tenge provided in 2017 in order to pay 20% of the cost of two new aircraft.

On 24 October 2019, the Fund entered into a loan agreement with Qazaq Air JSC, according to which it provided a loan of 19,500 million tenge in 2019, with a maturity date of 24 October 2034, and an interest rate of 2.5%. The purpose of the loan is to purchase three new aircraft. Financing was carried using the fund of the National Fund of the Republic of Kazakhstan. At initial recognition, the loan was measured at its fair value of 17,046 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 2,454 million tenge was recognized as an increase in investment in the subsidiary *(Note 5).*

As of 31 December 2019, the total book value of principal and interest payable on all loans issued by Qazaq Air JSC was 58,559 million tenge (as of 31 December 2018: 27,861 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 2019 the Fund provided additional tranches for a total amount of 3,406 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 2,093 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 1,313 million tenge was recognized as an increase in investment in the subsidiary *(Note 5).*

On 2 September 2019, the Fund and UCC entered into a loan agreement, according to which the Fund provided a loan of 750 million tenge on 5 September 2019, with a loan repayment period until 31 January 2020 and an interest rate of 11%. The purpose of the loan is to issue a loan to "Him-plus" LLP.

As of 31 December 2019, the total book value of the principal debt and interest receivable for all loans issued by UCC was 46,274 million tenge (as of 31 December 2018: 39,403 million tenge).

*"Karabatan Utility Solutions" LLP*

On 20 December 2018, the Fund and Karabatan Utility Solutions LLP entered into a loan agreement, according to which the Fund provided a loan in the amount of 8,608 million tenge in 2019, with a loan repayment period until 31 March 2020 and a 9% interest rate. The purpose of the loan is to build an overhead power line from a gas turbine power plant on the territory of the special economic zone "National industrial petrochemical technopark".

### Loans issued to third and related parties

*"AYT Housing Complex" LLP ("Ayt housing Complex")*

On 16 April 2019 AYT Housing Complex LLP made full repayment of the loan debt by transferring property in the form of a land plot in the amount of 4,728 million tenge *(Note 10)* and cash in the amount of 2,450 million tenge.

## 7. LOANS ISSUED AND FINANCIAL LEASE DEBT (continued)

**Bonds issued by subsidiaries**

*"Atyrau refinery" LLP*

On 9 January 2019, the Fund and "Atyrau refinery" LLP entered into a bond purchase and sale agreement for a total of 150 million US dollars. The acquisition transaction was made in tenge at the exchange rate on the date of the agreement and amounted to 56,223 million tenge. Repayment of the principal debt and payment of remuneration is made in tenge at the exchange rate on the maturity date, indexed to the exchange rate on the date of issue of the bonds. The purchase of the bonds was financed from its own funds. The maturity of the bonds is until 21 January 2024, and the coupon rate is 5% per annum.

On 16 July 2019, "Atyrau refinery" LLP made a partial repayment of the loan in the amount of 5,749 million tenge in accordance with the principal repayment schedule.

As of 31 December 2019, the total book value of principal and remuneration amounted to 52,843 million tenge.

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

In 2019, SKC fully and on time repaid coupon bonds with a nominal value of 20,000 million tenge.

*"National Company Kazakhstan Temir Zholy" JSC ("KTZh")*

On 19 August 2019, the Fund purchased 40,000,000 coupon bonds issued by KTZh with a nominal value of 1,000 tenge each for a total amount of 40,000 million tenge with a maturity of the bonds until 19 August 2034 and a coupon reward of 2% per annum.

The funding was provided by the National Fund.

**Bonds issued by third and related parties**

*"National Management Holding "Bayterek" JSC*

On 17 January 2019, the Fund purchased bonds of JSC "National managing holding "Baiterek" in the amount of 5,751 million tenge with a maturity date in March 2026 and an interest rate of 0.15%. Funds from the placement of bonds are provided for the provision of a loan to the issuer's subsidiary Baiterek development JSC for the redemption of debt securities of local executive bodies of regions, cities of Nur-Sultan and Almaty, issued for the purpose of housing construction and completion of problematic housing projects in the city of Nur-Sultan. Funding was provided by the National Fund.

At initial recognition, this bond loan was measured at its fair value of 3,250 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 2,501 tenge million was recognized as transactions with a Shareholder *(Note 13)*.

## 8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| 10 largest local banks | **340,646** | 339,773 |
| Other local credit institutions | **46,481** | 45,451 |
| Interest accrued | **2,428** | 2,658 |
| Less: allowance for expected credit losses | **(9,247)** | (5,941) |
| **Total amounts due from credit institutions** | **380,308** | 381,941 |
| | | |
| Less: current portion | **(70,362)** | (80,987) |
| **Non-current portion** | **309,946** | 300,954 |

## 8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Rating from BBB-(Baa3) to BB-(Ba3) | **108,100** | 97,697 |
| Rating from B+(B1) to B-(B3) | **281,455** | 258,251 |
| No rating | **–** | 31,934 |
| Less: allowance for expected credit losses | **(9,247)** | (5,941) |
| | **380,308** | 381,941 |

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Amounts due from credit institutions, in tenge | **344,938** | 362,210 |
| Amounts due from credit institutions, in US dollars | **35,370** | 19,731 |
| | **380,308** | 381,941 |

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 2019** | 31 December 2018 |
|---|---|---|
| Bonds placed with second-tier banks | **197,698** | 176,196 |
| Funds for financing activities within the framework approved by the Government | **127,393** | 157,832 |
| Bank deposits placed under the policy of temporary available cash | **64,464** | 53,854 |
| Less: allowance for expected credit losses | **(9,247)** | (5,941) |
| **Total amounts due from credit institutions** | **380,308** | 381,941 |
| | | |
| Less: current portion | **(70,362)** | (80,987) |
| **Non-current portion** | **309,946** | 300,954 |

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

As at 31 December 2019 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 (2018: 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 20,061 million tenge, 4,257 million tenge and 2,446 million tenge respectively (2018: 18,989 million tenge, 4,078 million tenge and 2,610 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 65,117 million tenge, 1,771 million tenge and 14,325 million tenge, respectively (2018: 71,587 million tenge, 1,825 million tenge and 31,934 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.

In 2019 "Zhilstroysberbank" JSC fully fully repaid the loan of 18,277 million tenge.

As of 31 December 2019, the Fund had no overdue funds with credit institutions.

## 8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

**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 2019, the rate on short-term bank deposits in tenge was 10.50% per annum (as of 31 December 2018: 9.82%), and on short-term bank deposits in dollars was 2% per annum (as of 31 December 2018: 2%).

As of 31 December 2019 and 31 December 2018, 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 2019** | 31 December 2018 |
|---|---|---|
| **Financial investments measured at fair value through other comprehensive income** | | |
| Equity securities of "Astana Finance" JSC | **6,516** | 6,516 |
| Debt securities | **1,213** | 1,101 |
| Less: allowance for expected credit losses | **(6,516)** | (6,516) |
| **Total amount of other non-current financial assets** | **1,213** | 1,101 |

## 10. OTHER NON-CURRENT ASSETS

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Shares in Sekerbank TAS *(Note 2)* | **15,671** | 17,986 |
| SAP licenses | **12,851** | 12,204 |
| Land plot *(Note 7)* | **4,728** | – |
| Non-current receivables | **–** | 6,026 |
| Property held for sale | **–** | 327 |
| Other | **267** | 6,994 |
| Less: allowance for expected credit losses | **(3)** | (4) |
| Less: provision for impairment | **(10,079)** | – |
| | **23,435** | 43,533 |

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 2019** | 31 December 2018 |
|---|---|---|
| Restricted cash | **18,551** | 18,522 |
| Other trade receivables | **11,199** | 14,469 |
| Receivables from sales of bank shares | **–** | 48,265 |
| Dividends receivable | **–** | 20,025 |
| Other | **6,480** | 6,367 |
| Less: allowance for expected credit losses | **(28,569)** | (28,773) |
| | **7,661** | 78,875 |

## 11. OTHER CURRENT ASSETS (continued)

### Receivable from sale of banks' shares

In the first half of 2019, Mr. K. Rakishev fully repaid accounts receivable for the sale of shares of BTA Bank JSC in the amount of 30,318 million tenge.

On 29 November 2019, Mr. Utemuratov B. fully repaid accounts receivable for the sale of shares for the shares of Temirbank JSC in the amount of 20,367 million tenge and Alliance Bank JSC in the amount of 6,788 million tenge.

## 12. CASH AND CASH EQUIVALENTS

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Current accounts with banks in US dollars | **262,086** | 261,132 |
| Current accounts with banks in tenge | **42,899** | 70,007 |
| Term bank deposits with second-tier banks in tenge | **7,908** | 450 |
| Current accounts with banks in other foreign currency | **21** | 16 |
| Term securities with National bank in tenge | **–** | 25,997 |
| Less: allowance for expected credit losses | **(78)** | – |
| | **312,836** | 357,602 |

As of 31 December 2019 the weighted average interest rate on current accounts is equal to 1.5% per annum (as of 31 December 2018: 2.01%), the weighted average interest rate on term deposits in second-tier banks is equal to 8.12% per annum (as of 31 December 2018: 7.66%).

## 13. EQUITY

### Share capital

During 2019 and 2018 the Fund issued common shares which were paid 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 2017** | 3,481,938,318 | | 5,133,476 |
| Property contributions | 1,000 | 290,037 | 290 |
| **As of 31 December 2018** | 3,481,939,318 | | 5,133,766 |
| Cash 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** |

As at 31 December 2019 3,481,957,769 shares of the Fund were fully paid (31 December 2018: 3,481,939,318 shares).

***2019 year***

*Contributions in cash and its equivalents*

In 2019, the Shareholder made contributions in cash and its equivalents to the Fund's share capital of 95,196 million tenge. These funds are intended for financing the Fund's subsidiaries *(Notes 5, 16).*

*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 KTZh *(Note 4).*

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 13. EQUITY (continued)

**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 (2018: 64,736 million tenge) *(Note 16)*. 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 Akimat of Aktobe, Pavlodar and Atyrau regions. 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 Minutes of the meeting of the Council on the management of the National Fund of the Republic of Kazakhstan dated 7 August 2017, the Fund sent the contracted funds within the framework of the state program of infrastructure development "Nurly Zher" in the amount of 5,751 million tenge for the purchase of bonds of National managing holding Baiterek JSC. The difference between the nominal value and the fair value of 2,501 million tenge was recognized as transaction with the Shareholder in the separate statement of changes in equity *(Note 7)*.

In 2019, the Fund made partial early repayment of the bonds due to the National bank in the amount 53,662 million tenge, as a result of which recognized amortization of discount on loans from the Government of 21,064 million tenge in the separate statement of changes in equity *(Note 15)*.

**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 (in 2018: 12,732 million tenge).

***2018***

*Property contributions*

On 29 December 2018 the State property and privatization committee contributed property of 290 million tenge to the Fund's share capital. This property was transferred to the charter capital of subsidiary KTZh.

**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 2019** | 31 December 2018 |
|---|---|---|
| Total assets | **7,289,744** | 7,235,211 |
| Intangible assets | **(943)** | (2,270) |
| Total liabilities | **(1,560,823)** | (1,619,932) |
| **Net assets for common shares** | **5,727,978** | 5,613,009 |
| | | |
| Number of common shares as at 31 December | **3,481,957,769** | 3,481,939,318 |
| **Book value per common share, tenge** | **1,645** | 1,612 |

## 14. BORROWINGS

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Loans received | **557,318** | 496,719 |
| Bonds issued and purchased by other companies | **287,317** | 284,670 |
| Bonds issued and purchased by subsidiaries: | **42,761** | 41,836 |
| - "Kazakhstan Electricity Grid Operating Company" JSC ("KEGOC") | **26,468** | 26,468 |
| - "National Company "KazMunayGas" JSC | **16,293** | 15,368 |
| **Total borrowings** | **887,396** | 823,225 |
| Less: amounts due for settlement within 12 months | **(212,377)** | (8,774) |
| **Amounts due for settlement after 12 months** | **675,019** | 814,451 |

Borrowings comprised the following currencies:

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Borrowings, denominated in tenge | **657,821** | 592,597 |
| Borrowings, denominated in US dollars | **229,575** | 230,628 |
| | **887,396** | 823,225 |

**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 340,151 million tenge during 2015-2018. The loan was received to finance the Fund's commitments to increase the share capital of "KMG Kashagan B.V." PLLC and to refinance loans attracted by the Fund for the purchase of shares of "KMG Kashagan B.V." PLLC.

In 2019, the Fund received additional tranches from NC KMG in the amount of 54,720 million tenge, which were used to repay the Fund's coupon bonds obligations and syndicated loan. The difference between the nominal value and the fair value of the loan at the dates of tranches in the amount of 14,184 million tenge was recognized as finance income in 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 2019 carrying value of the principal equaled to 308,650 million tenge net of the discount of 86,221 million tenge (as at 31 December 2018: 245,556 million tenge net of discount of 94,595 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-Mitshubishi UFJ, LTD, "Mizuho Bank", Ltd, "Sumitomo Mitsui Banking Corporation", "Halyk Bank of Kazakhstan" JSC, "Industrial and commercial Bank of China (Almaty) JSC, and "Citibank, N.A., Jersey Branch" with the Bank of Tokyo-Mitshubishi UFJ, LTD for 600 million US dollars (equivalent to 204,786 million tenge converted using the exchange rate as at the payment date). The loan was issued with maturity on 30 October 2022 with a grace period until 30 April 2021, at an annual rate of 3 month Libor + 1.4%.

As at 31 December 2019 the total amount of principal and interest equaled 229,575 million tenge (as at 31 December 2018: 230,628 million tenge).

*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 2019 principal and interest on the loan amounted to 19,093 million tenge (as at 31 December 2018: 20,535 million tenge).

## 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 2019** | 31 December 2018 |
|---|---|---|
| Bonds purchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund | **578,002** | 588,226 |
| Other loans from the Government | **49,558** | 65,180 |
| **Total amounts due to the Government of the Republic of Kazakhstan** | **627,560** | 653,406 |
| | | |
| Less: current portion | **(5,238)** | (22,973) |
| **Non-current portion** | **622,322** | 630,433 |

**2019 year**

*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 2019, in accordance with the adopted corporate decisions of the Fund, a partial early repayment of bonds at par value in the amount of 53,662 million tenge was carried out within the eleventh issue of the Fund's bonds purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized depreciation of the discount on loans from the Government in the amount of 21,064 million tenge in the separate statement of changes in equity *(Note 13)*.

## 16. OTHER LIABILITIES

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| Liabilities on financing of other social projects: | **11,930** | 31,796 |
| Nazarbayev University | **7,156** | 9,882 |
| Construction of Athletics complex in Astana | **4,724** | 21,174 |
| Other social projects | **50** | 740 |
| Liability due to "Samruk Energy" JSC | **–** | 69,156 |
| Other liabilities | **2,723** | 5,204 |
| **Total amount of other liabilities** | **14,653** | 106,156 |
| | | |
| Less: current portion | **(11,607)** | (95,422) |
| **Non-current portion** | **3,046** | 10,734 |

**Liability due to "Samruk-Energy" JSC**

In 2019, the Fund fully repaid its liability due to a subsidiary "Samruk-Energy" JSC.

**Liabilities on financing of other social projects**

In 2019, on the basis of the Shareholder's resolution, the Fund recognized a provision for financing of various social projects in the amount of 72,353 million tenge (2018: 64,736 million tenge) *(Note 13)*.

Actual amount of financing during 2019 totaled to 94,186 million tenge. Accordingly, as at 31 December 2019 the total carrying value of the liabilities for distribution to the Shareholder equaled 11,930 million tenge, including current liability of 8,884 million tenge and non-current liability of 3,046 million tenge, respectively.

## 17. FINANCIAL GUARANTEE LIABILITIES

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

| *In millions of tenge* | **31 December 2019** | 31 December 2018 |
|---|---|---|
| **As at 1 January** | **36,882** | 40,904 |
| Guarantees issued during the year | **8,442** | 3,571 |
| Amortization of financial guarantee liabilities | **(14,110)** | (7,593) |
| **As at 31 December** | **31,214** | 36,882 |
| Less: current portion | **(4,234)** | (7,592) |
| **Non-current portion** | **26,980** | 29,290 |

Financial guarantee liabilities include the Fund's liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries *(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 2019 is equal to 1,073 million US dollars, 87,223 million tenge and 4,780 million rubles (31 December 2018: 1,297 million US dollars, 83,989 million tenge and 2,589 million rubles, respectively).

## 18. INTEREST INCOME

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

| *In millions of tenge* | **2019** | 2018 |
|---|---|---|
| Interest on bonds | **28,616** | 6,823 |
| Unwinding of discount on loans issued | **27,518** | 27,478 |
| Interest on loans issued | **18,312** | 24,983 |
| Other | **–** | 10,471 |
| | **74,446** | 69,755 |

## 19. INTEREST EXPENSES

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

| *In millions of tenge* | **2019** | 2018 |
|---|---|---|
| Interest on bonds issued and borrowings | **44,170** | 60,826 |
| Unwinding of discount on financial liabilities | **29,843** | 30,421 |
| Loss on discounting of financial assets at initial recognition | **167** | 33,284 |
| | **74,180** | 124,531 |

## 20. DIVIDEND INCOME

| *In millions of tenge* | **2019** | 2018 |
|---|---|---|
| "National Atomic Company "KazAtomProm" JSC | **68,065** | 161,661 |
| "National mining company "Tau-Ken Samruk" JSC | **60,000** | 60,000 |
| "National Company "KazMunayGas" JSC | **33,455** | 32,677 |
| "Kazakhstan Electricity Grid Operating Company" JSC | **28,478** | 28,234 |
| "Kazakhtelecom" JSC | **4,351** | 8,890 |
| "Samruk-Energy" JSC | **2,041** | 2,041 |
| "Air Astana" JSC | **–** | 1,961 |
| "National Company "Kazakhstan Temir Zholy" JSC | **–** | 1,710 |
| Other subsidiaries | **1,813** | 2,619 |
| | **198,203** | 299,793 |

## 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* | **2019** | 2018 |
|---|---|---|
| Sponsorship and charitable donations | **7,564** | 5,559 |
| Personnel costs | **3,139** | 3,045 |
| Consulting (audit) services and information expenses | **1,059** | 1,610 |
| Taxes | **648** | 395 |
| Non-refundable VAT | **42** | 2,810 |
| Other | **12,591** | 10,265 |
| | **25,043** | 23,684 |

**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 the compensation to the members of the management body – the Board of Directors of 907 million tenge (in 2018: 787 million tenge), transfers to subordinate organizations to sustain the operating activities of 1,116 million tenge (in 2018: 1,219 million tenge) and other administrative expenses for maintaining operating activities of the Fund.

### 22. FINANCE INCOME

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

| *In millions of tenge* | **2019** | 2018 |
|---|---|---|
| Income from financial guarantees | **14,188** | 7,678 |
| Discount on borrowings | **14,184** | 87,725 |
| Interest on bank deposits | **7,284** | 21,943 |
| Interest on current bank accounts | **5,709** | 1,380 |
| Amortisation of discount on financial assets | **1,918** | 3,077 |
| Other | **2,690** | 9,636 |
| | **45,973** | 131,439 |

### 23. FINANCE EXPENSES

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

| *In millions of tenge* | **2019** | 2018 |
|---|---|---|
| Unwinding of discount on loan from NC KMG | **22,558** | 22,520 |
| Other | **12,338** | 7,488 |
| | **34,896** | 30,008 |

### 24. INCOME TAX EXPENSE

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

| *In millions of tenge* | **2019** | 2018 |
|---|---|---|
| Withholding tax expense | **3,337** | 5,697 |
| Deferred income tax expense | **(263)** | 25 |
| | **3,074** | 5,722 |

As at 31 December 2019 the Fund used official current income tax rate of 20% (as at 31 December 2018: 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* | **2019** | 2018 |
|---|---|---|
| **Profit before income tax** | **209,253** | 397,355 |
| Statutory income tax rate | **20%** | 20% |
| **Theoretical income tax expense** | **41,851** | 79,471 |
| Change in unrecognised deferred tax assets | **(2,828)** | 7,545 |
| Expenses on sponsorship and charitable donations | **1,513** | 1,112 |
| Allowance on impairment of loans issued and amounts due from credit institutions | **5,167** | 38 |
| Income from dividends | **(39,641)** | (59,959) |
| Gain on disposal of share in subsidiary | **(8,596)** | (26,621) |
| Discount on financial assets and financial liabilities | **1,450** | (10,826) |
| Income from financial guarantees | **(2,229)** | (1,519) |
| Impairment of investments | **5,397** | – |
| Other non-taxable differences | **990** | 16,481 |
| **Corporate income tax expense presented in the separate statement of comprehensive income** | **3,074** | 5,722 |

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 2019** | Profit and loss | As at 31 December 2018 | Profit and loss | As at 1 January 2018 | Effect of adoption of IFRS 9 | As at 31 December 2017 |
|---|---|---|---|---|---|---|---|
| **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 | **53,596** | 3,337 | 50,259 | 5,697 | 44,562 | – | 44,562 |
| Tax loss carryforward | **–** | – | – | (1,060) | 1,060 | – | 1,060 |
| Funds in credit institutions | **13,773** | (2,763) | 16,536 | 13,712 | 2,824 | 2,824 | – |
| Loans issued | **70** | (5,494) | 5,564 | 632 | 4,932 | 4,611 | 321 |
| Other assets | **–** | (826) | 826 | 351 | 475 | 475 | – |
| Property, plant and equipment | **–** | (228) | 228 | 226 | 2 | – | 2 |
| Other liabilities | **988** | 951 | 37 | 13 | 24 | – | 24 |
| Less: unrecognized deferred tax assets | **(31,619)** | 2,828 | (34,447) | (7,546) | (26,901) | (7,910) | (18,991) |
| **Deferred tax assets** | **36,808** | (2,195) | 39,003 | 12,025 | 26,978 | – | 26,978 |

| *In millions of tenge* | **As at 31 December 2019** | Profit and loss | As at 31 December 2018 | Profit and loss | As at 1 January 2018 | Effect of adoption of IFRS 9 | As at 31 December 2017 |
|---|---|---|---|---|---|---|---|
| **Deferred tax liabilities** | | | | | | | |
| Loans | **(36,296)** | 2,442 | (38,738) | (11,786) | (26,952) | – | (26,952) |
| Other accounts receivable | **(512)** | 16 | (528) | (264) | (264) | – | (264) |
| **Deferred tax liabilities** | **(36,808)** | 2,458 | (39,266) | (12,050) | (27,216) | – | (27,216) |
| **Net deferred tax assets/(liabilities)** | **–** | 263 | (263) | (25) | (238) | – | (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 provide the total transactions that have been entered into with related parties during 2019 and 2018 and the balances as at 31 December 2019 and 2018, respectively:

| *In millions of tenge* | | Due from related parties | Due to related parties | Cash and deposits placed with related parties |
|---|---|---|---|---|
| Subsidiaries | **31 December 2019** | **623,436** | **352,465** | **–** |
| | 31 December 2018 | 553,499 | 356,593 | 17 |
| Associates and joint ventures of subsidiaries | **31 December 2019** | **6,109** | **–** | **–** |
| | 31 December 2018 | 6,431 | – | – |
| Other entities controlled by the Government | **31 December 2019** | **167,521** | **730,239** | **42,821** |
| | 31 December 2018 | 175,990 | 753,392 | 94,946 |

| *In millions of tenge* | | Dividends income | Purchases from related parties | Sales to related parties | Other expenses accrued to related parties |
|---|---|---|---|---|---|
| Subsidiaries | **2019** | **198,203** | **3,780** | **4,790** | **–** |
| | 2018 | 299,793 | 19,921 | 18,916 | 69,156 |

| *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 | **2019** | **44,216** | **3,523** | **14,211** | **22,558** |
| | 2018 | 28,226 | 3,685 | 87,806 | 22,520 |
| Associates and joint ventures of subsidiaries | **2019** | **550** | **–** | **–** | **–** |
| | 2018 | 577 | – | – | – |
| Other entities controlled by the Government | **2019** | **9,080** | **55,630** | **1,681** | **–** |
| | 2018 | 17,483 | 69,747 | 1,651 | – |

The nature of transactions entered into with related parties during 2019 and 2018 is disclosed in the respective 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 1,106 million tenge for year ended 31 December 2019 (2018: 1,242 million tenge). The indicated amount includes the compensation to the independent directors, which are members of management personnel, the Board of Directors of 907 million tenge for year ended 31 December 2019 (2018: 787 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.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 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 |
|---|---|---|
| **2019** | | |
| US dollar | +0.2 | (457) |
| | -0.2 | 457 |
| **2018** | | |
| US dollar | +0.5 | (1,563) |
| | -0.15 | 346 |

### 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 *(Note 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 2019 and 2018 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 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 |

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 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 2018** | | | | | | |
| Borrowings | – | 10,931 | 21,136 | 915,548 | 320,551 | 1,268,166 |
| Loans from the Government of the Republic of Kazakhstan | 13 | 24 | 36,771 | 133,696 | 2,188,125 | 2,358,629 |
| Financial guarantees | 25,494 | 653 | 37,885 | 295,983 | 238,916 | 598,931 |
| Other liabilities | – | – | 3,842 | 7,684 | – | 11,526 |
| **Total** | 25,507 | 11,608 | 99,634 | 1,352,911 | 2,747,592 | 4,237,252 |

**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** |
|---|---|---|
| **2019** | | |
| Euro | **12%** | **(7)** |
| | **(9%)** | **5** |
| US dollar | **12%** | **11,825** |
| | **(9%)** | **(8,869)** |
| **2018** | | |
| Euro | 14% | (35) |
| | (10%) | 25 |
| US dollar | 14% | 5,402 |
| | (10%) | (3,859) |

**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.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 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* | **2019** | 2018 |
|---|---|---|
| Share capital | **5,229,112** | 5,133,766 |
| Reserves | **(1,472)** | (1,423) |
| Accumulated profit | **501,281** | 482,936 |
| **Total equity** | **5,728,921** | 5,615,279 |
| | | |
| Total borrowings and financial guarantees | **2,024,175** | 2,110,269 |
| **Total assets** | **7,289,744** | 7,235,211 |
| | | |
| **Debt to equity ratio** | **0.35** | 0.38 |

### 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 2019** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| **Assets measured at fair value** | | | | |
| Financial assets available-for-sale *(Note 9)* | **1,213** | **1,213** | **–** | **–** |

| | 31 December 2018 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets measured at fair value** | | | | |
| Financial assets available-for-sale *(Note 9)* | 1,101 | 1,101 | – | – |

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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

#### Fair value of financial instruments

As at 31 December 2019 and 2018 the carrying amount of the following Fund's financial instruments approximates their fair value:

| | 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** | **–** | **719,241** | **–** |
| **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** | **–** |

| | 2018 | | | | |
|---|---|---|---|---|---|
| | | | 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)* | 381,941 | 368,141 | – | 368,141 | – |
| Loans with fixed interest rate *(Note 7)* | 635,075 | 615,692 | – | 615,692 | – |
| Accounts receivable *(Note 10, 11)* | 54,291 | 54,227 | – | – | 54,227 |
| **Financial liabilities** | | | | | |
| Borrowings with fixed interest rate / bonds issued *(Note 14)* | 823,225 | 827,304 | – | 827,304 | – |
| Loans from the Government of the Republic of Kazakhstan *(Note 15)* | 653,406 | 533,935 | – | 533,935 | – |
| Financial guarantee liabilities *(Note 17)* | 36,882 | 26,357 | – | 26,357 | – |
| Other liabilities | 100,211 | 100,467 | – | – | 100,467 |

#### Changes in liabilities arising from financing activities

| *In millions tenge* | 1 January 2019 | **Cash flows** | **Foreign exchange movement** | **New liabilities** | **Other** | **31 December 2019** |
|---|---|---|---|---|---|---|
| Other liabilities | 31,796 | **(94,186)** | **1,102** | **72,353** | **865** | **11,930** |
| Dividends payable | – | **(63,750)** | **–** | **63,750** | **–** | **–** |
| Loans from the Government of the Republic of Kazakhstan | 436,535 | **(53,662)** | **–** | **–** | **34,436** | **417,309** |
| Borrowings | 325,930 | **(1,446)** | **(966)** | **–** | **–** | **323,518** |
| **Total liabilities from financing activities** | 794,261 | **(213,044)** | **136** | **136,103** | **35,301** | **752,757** |

## 27. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

### Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Due to uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2019.

As at 31 December 2019, 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. shares was imposed with regard to the decision of Amsterdam Court (the "Pre-judgement Attachment").

The named Pre-judgement Attachment was imposed as part of the claim for recognition and enforcement of arbitral award 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.

As part of the interim proceedings initiated by the Fund to remove the restriction, the Amsterdam court on 5 January 2018 made a preliminary decision to maintain the restriction. This decision of the Amsterdam court does not impose any additional restrictions on the Fund's rights in relation to shares of KMG Kashagan B.V.

On 7 May 2019, the Amsterdam court of Appeal upheld the decision of the court of first instance to maintain the restriction imposed on shares of Kashagan B.V. owned by the Fund, valued at 5.2 billion US dollars. The restriction was imposed according to the requirements of A. Stati and related parties for the execution of the decision of the Stockholm arbitration Tribunal issued against Kazakhstan in 2013.

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 2019 Fund's commitments included commitments to finance the program "Affordable housing – 2020" in the amount of 4,284 million tenge and commitments to finance investment projects of 80,637 million tenge, including the following:

- Financing the implementation of the investment project "Construction of an integrated gas and chemical complex in Atyrau region. The first phase" in the amount of not greater than 80,436 million tenge.
- Financing of the project "Creation of a special economic zone "Taraz Chemical Park" in the amount of 201 million tenge.

## 28. SUBSEQUENT EVENTS

### Loans issued

On 30 January and 26 February 2020, the Fund provided UCC with additional tranches for the total amount of 1,953 million tenge for the purpose of further issuing a loan to "Polymer Production" LLP.

On 14 February 2020, the Fund issued a loan in amount of 2,130 million tenge to "SKC" JSC for financing the project Multifunctional residential complex "Vostochka.kz".

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 28. SUBSEQUENT EVENTS (continued)

**Changes in investments in subsidiaries**

On 10 March 2020, the Fund made a contribution to the share capital of UCC in the amount of 2,100 million tenge in cash.

**COVID-19 pandemic and impact of lower commodity prices and Tenge exchange rate**

Due to the recent rapid development of the coronavirus pandemic (COVID-19), many countries, including the Republic of Kazakhstan, introduced quarantine measures, which have had a significant impact on the level and scale of business activity of market participants. It is expected that both the pandemic itself and measures to minimize its consequences can affect the activities of companies from various industries. The Fund regards this pandemic as a non-adjusting subsequent event, the financial effect of which cannot be estimated at the moment with a sufficient degree of confidence.

Since March 2020, there has also been significant volatility in the stock, currency and commodity markets, including a drop in oil prices and a depreciation of tenge against the US dollar and the euro. The scale and duration of these developments remain uncertain but will impact the Fund's earnings, cash flow and financial condition. Currently the expected impact is not possible to quantify with a sufficient degree of confidence.