SkyBridge Invest JSC

Financial Statements

For the year ended 31 December 2020

SKYBRIDGE INVEST JSC

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Management is responsible for the preparation of the financial statements that fairly present the financial position of SkyBridge Invest JSC (hereinafter – the "Company") and its controlled entities as at 31 December 2020 and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (hereinafter – "IFRS").

In preparing the financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- application of reasonable and expedient estimates and;
- providing additional disclosures when compliance with the requirements of IFRS is insufficient for users of the financial statements to understand the impact of transactions, as well as other events and conditions on the financial position and financial results of the Company's operations; and
- assessment of the Company's ability to continue as a going concern in the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining the effective and reliable functionality of the internal control system of the Company;
- maintaining adequate accounting system, that are sufficient to show and explain the Company's transactions and allowing the preparation of information about the Company's financial position at any time with reasonable accuracy, and to ensure compliance of financial statements with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan and IFRS;
- adopting measures within its competence to safeguard assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2020 were approved by management on 10 March 2021.

Ainabayeva Sh. R.	**Davletshina I. N.**
Chairman of the Management Board	*Chief Accountant*

10 March 2021
Almaty, the Republic of Kazakhstan

Grant Thornton

Grant Thornton LLP
Office 2103
4V BC Nurly Tau, n.p.
21V
15 Al-Farabi ave.
Almaty
050059

T +7 (727) 311 13 40

almaty@kz.gt.com
www.grantthornton.kz

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and management of SkyBridge Invest JSC

Opinion

We have audited the financial statements of SkyBridge JSC (hereinafter – the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 SkyBridge JSC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibility for the Audit of the Financial Statements (continued)

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

Report under the requirements of the legislation of the Republic of Kazakhstan

The Company's management is responsible for implementation by the Company of the legislation requirements of the Republic of Kazakhstan regarding reporting on the assets of AIFN Sputnik JSC, ZPIFRI Khan Tengri, ZPIFRI Taikazan and OEIF SBI Adamant Fund (hereinafter – the "Funds"), accepted by the Company into the investment management, for accounting and reporting in relation to these assets and for the internal control system necessary for reporting on the assets of the Funds accepted into investment management.

In accordance with the requirements of the Law of the Republic of Kazakhstan "On Investment Funds" dated 7 July 2004 No. 576-II, during the audit, we evaluated the compliance with the requirements of the legislation of the Republic of Kazakhstan on the accounting procedure and reporting on the assets of the Funds accepted by the Company into investment management. In our opinion, the statements on pages 37 - 40 regarding the assets of the Funds taken by the Company into investment management, which comprise of a report on the assets of the investment fund and a profit or loss statement on the assets of the investment fund, have been prepared in all material respects, in accordance with the requirements of the respective legislation of the Republic of Kazakhstan.

Grant Thornton LLP

Evgeny Zhemaletdinov

Auditor/Engagement partner

Certified Auditor of the Republic of Kazakhstan
Qualification certificate
№MF-00000553 dated 20 December 2003
The Republic of Kazakhstan

Yerzhan Dossymbekov

General Director
Grant Thornton LLP

State license №18015053 for providing audit service on the territory of the Republic of Kazakhstan issued by the Internal Audit Committee of the Ministry of Finance of the Republic of Kazakhstan on 3 August 2019 (date of initial issue - 27 July 2011)

10 March 2021
Almaty, the Republic of Kazakhstan

SKYBRIDGE INVEST JSC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

In thousands of tenge	Note	**31 December 2020**	31 December 2019*
ASSETS			
Cash and cash equivalents	5	196,606	403,880
Commission receivables	6	149,064	40,457
Financial assets at fair value through other comprehensive income	7	257,171	143,533
Financial assets at fair value through profit or loss	8	638,964	610,264
Property and equipment	9	49,252	157,474
Intangible assets	10	15,325	11,122
Deferred corporate income tax assets	11	6,892	4,671
Current corporate income tax assets		52,907	51,594
Short term loans to related parties	12	14,741	–
Other assets	13	74,052	44,354
TOTAL ASSETS		**1,454,974**	**1,467,349**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	744,798	744,798
Revaluation reserve and impairment of financial assets at fair value through other comprehensive income		37,782	4,519
Retained earnings		624,883	545,037
Total equity		**1,407,463**	**1,294,354**
Liabilities			
Lease liabilities	15	–	101,852
Other liabilities	16	47,511	71,143
Total liabilities		**47,511**	**172,995**
TOTAL EQUITY AND LIABILITIES		**1,454,974**	**1,467,349**

**The Company made certain reclassifications in the statement of financial position as at 31 December 2019, in order to comply with the presentation as at 31 December 2020 (Note 3).*

The notes on pages 5-39 are an integral part of these financial statements.

Chairman of the Management Board

Ainabayeva Sh. R.

Chief Accountant

Davletshina I. N.

10 March 2021
Almaty, the Republic of Kazakhstan

SKYBRIDGE INVEST JSC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of tenge	Note	**2020**	2019
Commission income from fiduciary assets	17	18,500	23,600
Income from consulting and underwriting services	18	260,854	273,772
Income from brokerage and nominal holder services	19	373,908	481,904
Interest income	20	14,416	26,952
Net gain on financial assets at fair value through profit or loss		113,843	115,885
Net gain/(loss) from foreign currencies operations		88,915	(7,658)
Net gain/(loss) on financial assets at fair value through other comprehensive income		211	(5,713)
Other expenses		(8,863)	(217)
Operating income		**861,784**	**908,525**
Personnel expenses	21	(380,094)	(405,395)
General and administrative expenses	22	(255,031)	(289,976)
Expenses on brokerage services		(125,842)	(163,783)
Amortization		(16,403)	(19,291)
Operating expenses		**(777,370)**	**(878,445)**
Finance expenses	15	(6,867)	(14,841)
Profit before corporate income tax expense		**77,547**	**15,239**
Corporate income tax expense	11	2,299	(4,074)
Profit for the year		**79,846**	**11,165**
Other comprehensive income			
Other comprehensive income to be reclassified subsequently to profit or loss when specific conditions are met:			
Net change in fair value of debt instruments measured at fair value through other comprehensive income		33,474	8,106
Amount reclassified to profit or loss as a result of the disposal of debt instruments measured at fair value through other comprehensive income		(211)	5,713
Other comprehensive income/(loss) for the year, net of corporate income tax		33,263	13,819
Total comprehensive income for the year		**113,109**	**24,984**

The notes on pages 5 – 39 are an integral part of these financial statements.

Chairman of the Management Board

Ainabayeva Sh. R.

Chief Accountant

Davletshina I. N.

10 March 2021
Almaty, the Republic of Kazakhstan

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of tenge	Share capital	Revaluation reserve and impairment of financial assets at fair value through other comprehensive income	Retained earnings	Total
As at 31 December 2018	**744,798**	**(9,300)**	**533,872**	**1,269,370**
Profit for the year	–	–	11,165	11,165
Other comprehensive income for the year	–	13,819	–	13,819
Total comprehensive income for the year	**–**	**13,819**	**11,165**	**24,984**
As at 31 December 2019	**744,798**	**4,519**	**545,037**	**1,294,354**
Profit for the year	–	–	79,846	79,846
Other comprehensive income for the year	–	33,263	–	33,263
Total comprehensive income for the year	**–**	**33,263**	**79,846**	**113,109**
As at 31 December 2020	**744,798**	**37,782**	**624,883**	**1,407,463**

The notes on pages 5 – 39 are an integral part of these financial statements.

Chairman of the Management Board

Ainabayeva Sh. R.

Chief Accountant

Davletshina I. N.

10 March 2021
Almaty, the Republic of Kazakhstan

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

In thousands of tenge	Note	2020	2019
Operating activities			
Profit before corporate income tax expense		**77,547**	15,239
Adjustments to reconcile profit before income tax to net cash flows			
Interest income accrued	20	**(14,416)**	(26,952)
Depreciation and amortization of property and equipment, right-of-use assets and intangible assets	9, 10	**68,917**	96,780
Loss on disposal of property and equipment	9	**–**	169
Derecognition of lease obligations		**(11,290)**	–
Net gain from operations with financial assets at fair value through profit or loss		**(23,666)**	(1,798)
Discount on loans issued to related parties	12	**763**	–
Change in accrued unused vacation reserves		**5,018**	4,025
Net unrealized gain on foreign currency transactions		**(39,540)**	(21,379)
Accrued interest on lease	15	**6,867**	14,841
Change in working capital			
Decrease in financial instruments at fair value through profit or loss		**30,766**	233,485
(Increase) / decrease in financial instruments at fair value through other comprehensive income		**(61,332)**	357,278
(Increase) / decrease in commissions receivable		**(97,868)**	83,420
Increase in other assets		**(29,620)**	(4,459)
Decrease in other liabilities		**(28,650)**	(385,246)
Cash flows (used in)/received from operating activities		**(116,504)**	**365,403**
Interest received		**3,677**	1,296
Interest paid	15	**(6,867)**	(14,841)
Corporate income tax paid		**(1,313)**	(25,561)
Net cash flows (used in)/received from operating activities		**(121,007)**	**326,297**
Investing activities			
Purchase of property and equipment	9	**(3,556)**	(8,513)
Purchase of intangible assets	10	**(5,689)**	(5,546)
Investments in subsidiaries at fair value through profit or loss	8	**(24,624)**	–
Issuing loans to related parties	12	**(15,504)**	–
Net cash flows used in investing activities		**(49,373)**	**(14,059)**
Financing activities			
Repayment of lease obligations		**(46,215)**	(72,498)
Net cash flows used in financing activities		**(46,215)**	**(72,498)**
Net change in cash and cash equivalents		**(216,595)**	239,740
Effect of changes in exchange rates on cash and cash equivalents		**9,321**	312
Cash and cash equivalents as at 1 January	5	**403,880**	163,828
Cash and cash equivalents as at 31 December	5	**196,606**	**403,880**

** The Company made certain reclassifications in the statement of cash flows for the year ended 31 December 2019 in order to comply with the presentation for the year ended 31 December 2020 (Note 3).*

The notes on pages 5 – 39 are an integral part of these financial statements.

Chairman of the Management Board

Ainabayeva.Sh. R.

Chief Accountant

Davletshina I. N.

10 March 2021
Almaty, the Republic of Kazakhstan

1. GENERAL INFORMATION

SkyBridge Invest Joint Stock Company (hereinafter – the "Company") was registered in accordance with the legislation of the Republic of Kazakhstan in 2003. The Company's activities are regulated by the Agency of the Republic of Kazakhstan for regulation and development of financial market (hereinafter – the "Agency") and are performed based on the license No. 4.2.192/113 dated 20 July 2016, which allows to perform the following activities:

1. Brokerage and dealing activities at the securities market with the right to keep clients' accounts as a nominal holder;
2. Investment portfolio management activities, including investment management without the right to attract voluntary pension contributions.

The Company's main activities include management of investment portfolios of joint stock investment and mutual funds, investment of clients' assets in fiduciary management as well as brokerage and dealing activities with the right to keep clients' accounts as a nominal holder and financial consulting services.

Subsidiaries are represented as follows:

Name of the company	Country of establishment	Date of formation	Main activity	Participation rate, %	
				31 December 2020	31 December 2019
Open-ended investment company SBI Adamant Fund *	Kazakhstan	13.03.2020	Investment portfolio management	**100.00%**	–
SkyBridge Asset Management Sarl **	Luxembourg	27.01.2020	Managing alternative investment funds	**100.00%**	–

* In accordance with IFRS 10, the Company has determined that the subsidiary meets the criteria of an investment entity and is carried at fair value through profit or loss.** Sky Adamant Fund was created on the basis of a limited partnership agreement, in which SkyBridge Asset Management Sarl is the General Partner with a 4.76% ownership share and 100% control. For more information about the investment in subsidiaries, please refer to Note 8.

Shareholders

As at 31 December 2020 and 2019, the Company's shareholders were:

	31 December 2020	31 December 2019
Yeskindirov Adl Makhmudovich	**50.0%**	50.0%
SB Solutions LLP	**50.0%**	50.0%
	100.0%	100.0%

SB Solutions LLP has eight individual participants, none of which has a controlling interest. The largest of the participants, Mr. Irishev A. B., owns 30% in SB Solutions LLP. The shares of other participants range from 3% to 18%.

The address of the Company's registered office is: 12 floor, Essentai Tower Business Center, 77/7, Al-Farabi ave., 050040, Republic of Kazakhstan.

These financial statements were approved for issue by the management of the Company on 10 March 2021.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments.

Functional and presentation currency

The financial statements were presented in tenge, the currency of the economic environment in which the Company operates. For the purposes of these financial statements, the financial results and financial position of the Company are expressed in tenge (hereinafter - "tenge"), which is the functional and presentation currency for these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies

The Company, for the first time, has applied certain amendments to standards that come into force for annual periods beginning on or after 1 January 2020. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and effect of each amendment is described below:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which applicable to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 - Determination of Materiality

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework.

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

Fair value measurement

The Company measures financial assets at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI), at fair value at each reporting date.

Fair value is the price that would have been received for the sale of an asset or paid for the transfer of a liability in a transaction that is normally conducted between market participants at the valuation date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs:

- either in the main market for this asset or liability;
- or, in the absence of a primary market, in the most favorable market for the asset or liability.

The Company must have access to the main or most favorable market. The fair value of an asset or liability is measured using assumptions that market participants would use to determine the price of the asset or liability, assuming that market participants are acting in their best interests. The fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits from using the asset in the best and most efficient way or selling it to another market participant who will use this asset in the best and most efficient way.
The Company uses valuation techniques that are acceptable in the circumstances and for which sufficient data are available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the hierarchy of fair value sources described below based on the lowest level of input data that is relevant to the overall fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – valuation models in which inputs that are relevant to fair value measurements that relate to the lowest level of the hierarchy are directly or indirectly observable in the market.
- Level 3 – valuation models in which inputs that are relevant to fair value measurements that relate to the lowest hierarchy level are not observable in the market.

In the case of assets and liabilities that are recognized in the financial statements on a periodic basis, the Company determines the fact of transfer between levels of hierarchy sources, re-analyzing the classification (based on the initial data of the lowest level, which are significant for assessing the fair value as a whole) at the end of each reporting period.

Financial instruments

Initial recognition

Date of recognition

The purchase or sale of financial assets and liabilities on standard terms is recognized at the date of transaction, i.e. on the date when the Company undertakes to purchase an asset or liability. A purchase or sale on standard terms includes the purchase or sale of financial assets and liabilities within the framework of an agreement, under the terms of which the delivery of assets and liabilities is required within the period established by the rules or agreements adopted on the market.

Initial assessment

The classification of financial instruments upon initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value, including transaction costs, unless financial assets and financial liabilities are measured at fair value basis.

Categories of valuation of financial assets and liabilities

The Company classifies all its financial assets based on the business model used for asset management and the contractual terms of the assets as being valued at:

- Amortized cost;
- FVOCI;
- FVPL.

The Company classifies and evaluates derivatives and instruments held for trading in accordance with FVPL. The Company may, at its discretion, classify financial instruments as valued in accordance with FVPL, if such a classification eliminates or significantly reduces the inconsistency in applying the principles of measurement or recognition.

Financial liabilities are measured at amortized cost, or at FVPL if they are held for trading and derivatives or are classified at the entity's discretion as measured at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

Initial assessment (continued)

Debt instruments valued at FVOCI

The Company evaluates debt instruments at FVOCI if both of the following conditions are met:

- the instrument is held in the framework of a business model, the goal of which is achieved both by obtaining the cash flows stipulated by the contract and by selling financial assets;
- the contractual terms of the financial asset comply with the SPPI test criteria.

FVOCI debt instruments are subsequently measured at fair value, and gains or losses resulting from changes in fair value are recognized in other comprehensive income. Interest income and gains or losses on changes in foreign exchange rates are recognized in profit or loss in the same manner as for financial assets at amortized cost. Upon derecognition, accumulated gain or loss previously recognized in other comprehensive income is reclassified from the other comprehensive income to profit or loss.

Expected credit losses for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which continue to be measured at fair value. Instead, an amount equal to the reserve for expected credit losses that would have been created when the asset was measured at amortized cost is recognized in other comprehensive income as the accumulated impairment amount with the corresponding amounts recognized in profit or loss. The cumulative amount of losses recognized in other comprehensive income and estimate statements is reclassified to profit or loss upon derecognition of the asset.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank accounts and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Reclassification of financial assets and liabilities

The Company does not reclassify financial assets after their initial recognition, except in certain cases, when it changes the financial asset management business model. Financial liabilities are never reclassified.

Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or loans to customers as appropriate. The difference between sale and repurchase price is treated as interest revenue and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the statement of financial position. Securities borrowed are not recorded in the statement of financial position, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from trading securities in the statement of profit or loss. The obligation to return them is recorded at fair value as a trading liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) ceases to be recognized in the statement of financial position if:

- the rights to receive cash flows from the asset have expired;
- the Company transferred the right to receive cash flows from the asset or accepted the obligation to transfer the received cash flows in full without significant delay to a third party under the terms of a "transit" agreement; and
- the Company either (a) transferred almost all the risks and benefits of the asset, or (b) did not transfer, but does not retain all the risks and benefits of the asset but transferred control of the asset.

If the Company transferred its rights to receive cash flows from the asset, while neither transferring, nor retaining practically all the risks and benefits associated with it, nor transferring control of the asset, such an asset is accounted for within the ongoing participation of the Company in this asset. Continuation of participation in the asset, which takes the form of a guarantee for the transferred asset, is measured at the lower of the initial carrying amount of the asset and the maximum amount of compensation that may be presented for payment to the Company.

Financial liabilities

A financial liability is derecognized when the relevant obligation is fulfilled, cancelled, or expires.

When replacing one existing financial obligation with another obligation to the same creditor, on substantially different conditions, or in the event of significant changes to the conditions of the existing obligation, the initial obligation is deregistered, and the new obligation is recorded with the recognition of the difference in the carrying amount of obligations in the composition profit or loss.

Expected credit losses recognition

The Company recognizes the estimated allowance for expected credit losses on financial assets measured at amortized cost and fair value through other comprehensive income in an amount equal to expected credit losses for the entire period if the credit loss has increased significantly since initial recognition.

The Company does not reduce the carrying amount of a financial asset at fair value through other comprehensive income but recognizes an estimated reserve in other comprehensive income.

In determining whether there is a significant increase in the credit risk of a financial asset since its initial recognition, the Company focuses on changes in the risk of a default occurring over the life of the credit instrument, and not on changes in the amount of expected credit losses. If the terms and conditions of the cash flows for a financial asset stipulated by the agreement have been revised or modified and the recognition of the financial asset has not been terminated, the Company assesses whether the credit risk for the financial instrument has changed significantly by comparing:

- risk assessment of default as of the reporting date (based on modified contractual terms);
- risk assessment of the occurrence of default upon initial recognition (based on the initial unmodified contractual terms)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expected credit losses recognition (continued)

If there is no significant increase in credit risk, the Company recognizes an allowance for losses on a financial asset in the amount equal to 12-month expected credit losses, with the exception of:

1) acquired or created credit-impaired financial assets;
2) trade receivables; and
3) lease receivables.

For financial assets referred to in paragraphs (1)-(3), the Company estimates the allowance for losses in the amount of expected credit losses for the entire term.

If in the previous reporting period the Company estimated the estimated allowance for losses on a financial instrument in an amount equal to the expected credit losses for the entire period, but as of the current reporting date determines that there is no significant increase in credit risk, then at the current reporting date the Company should evaluate the estimated a provision equal to 12-month expected credit losses.

The Company recognizes, as profit or loss from impairment, the amount necessary to adjust the estimated allowance for losses to the amount of expected credit losses as at the reporting date.

For acquired or created credit-impaired financial assets, the Company recognizes favorable changes in expected credit losses for the whole term as a recovery of impairment losses, even if the expected credit losses for the whole period are less than the expected credit losses that were included in the estimated cash flows at initial recognition.

Assessment of expected credit losses the Company estimates expected credit losses on a financial instrument in a manner that reflects:

1) an unbiased and weighted amount of probability, determined by assessing the range of possible results;
2) the time value of money;
3) reasonable and confirmed information about past events, current conditions and projected future economic conditions available at the reporting date.

The maximum period considered in assessing expected credit losses is the maximum period under the contract (including extension options) during which the Company is exposed to credit risk.

To achieve the goal of recognizing expected credit losses for the entire period arising from a significant increase in credit risk since initial recognition, it may be necessary to assess a significant increase in credit risk on a group basis, for example, by analyzing information indicating a significant increase in credit risk for a group or subgroup of financial instruments . This ensures that the Company achieves the goal of recognizing expected credit losses for the entire period in the event of a significant increase in credit risk, even if confirmation of such a significant increase in credit risk at the level of an individual instrument is not yet available.

Taxation

The current corporate income tax charge is calculated in accordance with the regulations of the Republic of Kazakhstan.

Deferred corporate income tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred corporate income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred corporate income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

A deferred corporate income 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 corporate income tax assets and liabilities are measured at tax rates that are expected to apply to 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.

In addition, the Republic of Kazakhstan has various operating taxes applicable to the activities of the Company. These taxes, in addition to corporate income tax, are included in the statement of comprehensive income as general and administrative expenses.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Useful life in years
Capital improvements of leased office	4-5
Machinery and equipment	3-10
Motor vehicles	10
Furniture	5-10

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to running repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Leases

Right-of-use assets

The Company recognizes the right-of-use assets at the lease commencement date (i.e., the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses, adjusted for revaluation of lease liabilities. The initial cost of the right-of-use assets includes the amount of the recognized lease liabilities, the initial direct costs incurred, and the lease payments made on or before the lease commencement date, less the lease incentive payments received. If the Company does not have sufficient confidence that it will acquire ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is amortised on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Right-of-use assets are reviewed for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liabilities

At the lease commencement date, the Company recognizes lease liabilities measured at the present value of lease payments that will be made over the lease term. Lease payments include fixed payments (including substantially fixed payments) less any incentive payments on leases receivable, variable lease payments that depend on an index or rate, and amounts that are expected to be paid under liquidation value guarantees. Lease payments also include the exercise price of the purchase option if there is sufficient confidence that the Company will exercise the option, and the payment of lease termination penalties if the lease term reflects the Company's potential exercise of the lease termination option. Variable lease payments that are independent of the index or the rate are recognized as expenses in the period in which an event or condition occurs that leads to such payments. To calculate the present value of lease payments, the Company uses the weighted average rate of the National Bank of the Republic of Kazakhstan on loans issued or the rate of attraction of additional borrowed funds at the start date of the lease, if the interest rate stipulated in the lease agreement cannot be easily determined.

After the lease commencement date, the amount of the lease liability increases to reflect the accrual of interest and decreases to reflect the lease payments made. In addition, in the event of a modification, a change in the lease term, a change in substantially fixed lease payments, or a change in the valuation of the option to purchase the underlying asset, the carrying amount of the lease liability is revalued.

Short-term leases and leases of low-value assets

The Company applies the recognition exemption for short-term leases to short-term leases (i.e., leases that have a maximum lease term of 12 months at the start of the lease and that do not contain a purchase option). The Company also applies the recognition exemption for leases of low-value assets to office equipment leases. Lease payments for short-term leases and leases of low-value assets are recognized as lease expenses on a straight-line basis over the lease term.

Significant judgments in determining the lease term in option-to-extend the contracts

The Company defines a lease term as a non-cancellable lease period, together with periods for which an option to extend the lease is available if there is sufficient certainty that it will be exercised, or periods for which an option to terminate the lease is available if there is sufficient certainty that it will not be exercised.

Intangible assets

Intangible assets include software, license agreements, and a trading platform as part of other intangible assets. Intangible assets acquired separately are measured at cost at initial recognition. After initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Useful life, in years
Licenses	2-7
Software	1-10
Other intangible assets	1-10

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement and other employee benefit obligations

The Company does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments. These expenses are charged in the period the related salaries are earned. The Company has no post-retirement benefits requiring accrual.

Share capital

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 of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

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

Fiduciary assets

Assets held in fiduciary capacity are not reported in the financial statements, as they are not the assets of the Company. These assets are reflected in off-balance sheet accounts. Accounting for fiduciary assets is consistent with the Company's accounting policy.

Contingent assets and liabilities

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognized:

Interest and similar income and expense

The Company calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that exactly discounts 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, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and 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 the Company revises its estimates of payments or receipts.

The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Company calculates interest revenue by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest revenue on a gross basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and expense recognition (continued)

Revenue

The Company earns income from a diverse range of services it provides to its customers.

Fee and commission income

Commission income obtained for rendering the services during a certain period of time are accrued during this period. These items include commission income and fees.

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Company's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognized after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Expenses

Expenses are recognised on an accrual basis when the services are provided to the Company.

Foreign currency recalculation

The financial statements are presented in Kazakhstani tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency market rate at the date of the transaction established by the National Bank of the Republic of Kazakhstan. Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency at the official exchange rate established by the Kazakhstan Stock Exchange (hereinafter – the "KASE") and valid at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the statement of comprehensive income as gains less losses from foreign currencies – translation differences.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the official exchange rates established by KASE as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the official exchange rates established by KASE at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the market exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies.

The market exchange rates as at 31 December 2020 and 2019 were:

Currency	**31 December 2020**	31 December 2019
USD	**420.91**	382.59
EUR	**516.79**	429

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. 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 the standard. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more efficient and consistent for insurers. Unlike the requirements of IFRS 4, which are mainly based on previous local accounting policies, IFRS 17 provides a comprehensive accounting model for insurance contracts, covering all relevant aspects of accounting. IFRS 17 is based on a common model, supplemented by the following:

- certain modifications for insurance contracts with direct participation conditions (variable remuneration method);
- a simplified approach (premiu9m distribution-based approach) mainly for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, and comparative information is required. Early adoption is permitted provided that the entity also applies IFRS 9 and IFRS 15 at the date of first application. In 2019, the Company will continue to evaluate the possible impact of IFRS 17 on its financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IFRS 3: Definition of a Business – Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. These amendments are not expected to have a material impact on the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective (continued)

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected to have a material impact on the financial statements of the Company.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments are not expected to have a material impact on the financial statements of the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. These amendments are not expected to have a material impact on the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification and adjustments

The Company made certain reclassifications in the statement of financial position and in the statement of profit or loss for the year ended 31 December 2019, in order to comply with the presentation for the year ended 31 December 2020, as follows:

Statement of financial position

In thousands of tenge	Note	2019 (before reclassification)	Reclassification	2019 (after reclassification)
Assets				
Cash and cash equivalents	5	405,880	(2,000)	**403,880**
Other assets	13	42,354	2,000	**44,354**

Cash flow statement

In thousands of tenge	Note	2019 (before reclassification)	Reclassificatio n	2019 (after reclassification)
Increase in other assets	5	(2,459)	(2,000)	**(4,459)**
Interest paid		–	14,841	**14,841**
Repayment of lease obligations		(57,657)	(14,841)	**(72,498)**

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

For application of the Company's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. The most significant use of judgments and estimates are as follows:

Accounting of an enterprise as an investment organization

Companies that meet the definition of an investment company under IFRS 10 should measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The criteria that define an investment organization are as follows:

- An organization that receives funds from one or more investors for the purpose of providing investment management services to that investors;
- An organization that makes a commitment to investors that the purpose of its business is to invest funds solely for the purpose of generating value-added income, investment income, or both;
- An entity that evaluates and determines the performance of virtually all of its investments based on their fair value.

The Company's charter documents detail its purpose - to provide investors with investment management services, which include investments in stocks, fixed income securities and private investments with the aim of generating profits in the form of investment income and capital gains.
The company reports to its investors through quarterly investment information, and to its management through internal management reports based on fair value. All investments are carried at fair value to the extent permitted by IFRS in the Company's financial statements. The company has a clearly documented exit strategy for all of its investments.

The Board also concluded that the Company meets the additional characteristics of an investment entity, as it has more than one investment; the Company's ownership interests are primarily in the form of shares; it has more than one investor, and its investors are not related parties. The Management Board concluded that the Company meets the definition of an investment entity. These findings will be constantly reviewed when any of these criteria or characteristics change.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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, when determining ECLs / impairment losses and assessing a significant increase in credit risk, it is necessary to evaluate the amount and timing of future cash flows and the value of collateral. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company'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 Company's internal credit grading model, which assigns PDs to the individual grades;

  the Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;

- 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;

- identification of the relationships between macroeconomic scenarios and economic data, for example, unemployment rate and collateral value, as well as the impact on the probability of default (PD), the value at risk of default (EAD) and the level of loss in default (LGD);

- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Lease - estimation of the rate of raising additional borrowed funds.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Taxation

Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include value added tax, corporate income tax, social and other taxes. Implementation of these regulations is often unclear or non-existent and insignificant amount of precedents has been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus, creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Company is in compliance with the tax laws of the Republic of Kazakhstan regulating its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

5. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, cash and cash equivalents are presented as follows:

In thousands of tenge	**31 December 2020**	31 December 2019
Cash on brokerage accounts in US dollars	99,903	91,724
Reverse REPO transactions	50,064	140,098
Current accounts in Kazakhstani banks in tenge	32,015	22,953
Current accounts in Kazakhstani banks in foreign currencies	14,377	148,824
Cash on hand	247	281
	196,606	**403,880**

As at 31 December 2020 and 2019, cash and cash equivalents were neither overdue nor impaired. As at 31 December 2020 and 2019, the Company concluded reverse REPO agreements at Kazakhstan Stock Exchange. Under these agreements were received as collateral government securities of the Ministry of Finance of the Republic of Kazakhstan. As at 31 December 2020 and 2019, fair value of collateral under these agreements is amounted to 50,025 thousand tenge and 145,957 thousand tenge, respectively.

6. COMMISSION RECEIVABLES

As at 31 December 2020 and 2019, commission receivables are presented as follows:

In thousands of tenge	**31 December 2020**	31 December 2019
Commission receivable for consulting services	111,819	22,737
Commission receivable for brokerage services	34,955	16,703
Commission receivable for assets management	2,636	1,600
Less: allowance for expected credit losses	(346)	(583)
	149,064	**40,457**

As at 31 December 2020, commissions receivable were denominated in tenge, US dollar and euro. As at 31 December 2019, commissions receivable were denominated in tenge and US dollar.

In thousands of tenge	**31 December 2020**	31 December 2019
Accounts receivable in euro	103,358	–
Accounts receivable in tenge	45,614	40,317
Accounts receivable in US dollar	92	140
	149,064	**40,457**

For the years ended 31 December 2020 and 2019, the movement in allowance for expected credit losses on receivables compromised the following:

In thousands of tenge	**2020**	2019
As at 1 January	**(583)**	**(2,916)**
Restored/(accrued) for the year	237	2,333
As at 31 December	**(346)**	**(583)**

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2020 and 2019, financial assets at fair value through other comprehensive compromised the following:

In thousands of tenge	31 December 2020	31 December 2019
Debt securities at fair value through other comprehensive income		
Eurobonds of Kazakhstan financial institutions		
With credit rating from BB- to BB+	28,078	62,268
Eurobonds of Kazakhstan non-financial institutions		
With credit rating from BBB to BBB+	229,093	81,265
	257,171	**143,533**

Below is an analysis of the changes in gross book value and the corresponding estimated allowance for ECL for debt securities at fair value through other comprehensive income:

Debt securities at fair value through other comprehensive income	Stage 1	Total
Gross book value as at 1 January 2019	**499,013**	**499,013**
Purchased assets	6,851	**6,851**
Sale of assets	(362,331)	**(362,331)**
Changes in accrued interest	3,581	**3,581**
Fair value revaluation	1,103	**1,103**
Forex gain	(4,684)	**(4,684)**
As at 31 December 2019	**143,533**	**143,533**
Purchased assets	106,501	**106,501**
Sale of assets	(27,575)	**(27,575)**
Changes in accrued interest	2,507	**2,507**
Fair value revaluation	5,258	**5,258**
Forex loss	26,947	**26,947**
As at 31 December 2020	**257,171**	**257,171**

Debt securities at fair value through other comprehensive income	Stage 1	Total
Estimated allowance as at 1 January 2019	**(3,772)**	(3,772)
Allowance recovery	3,603	3,603
As at 31 December 2019	**(169)**	**(169)**
Accrual of the reserve	(13,452)	(13,452)
As at 31 December 2020	**(13,621)**	**(13,621)**

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2020 and 2019, financial instruments measured at fair value through profit or loss are presented as follows:

In thousands of tenge	31 December 2020	31 December 2019
Investments in unconsolidated subsidiaries		
SkyBridge Asset Management Sarl	20,423	–
Open-ended investment company SBI Adamant Fund	4,201	–
Foreign companies' equity instruments at fair value through profit or loss		
With credit rating from BBB- to BBB+	–	117,711
With credit rating from BB- to BB+	–	9,765
Without rating	494,131	398,339
Debt instruments at fair value through profit and loss of Kazakhstani companies		
With credit rating from BBB- to BBB+	120,209	84,449
	638,964	**610,264**

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Credit ratings are presented in accordance with the standards of the Standard and Poor's rating Agency or similar standards of other international rating agencies.

Investments in unconsolidated subsidiaries

Investments in SkyBridge Asset Management Sarl

SkyBridge Asset Management Sarl is registered in the Grand Duchy of Luxembourg. The main activity of SkyBridge Asset Management Sarl is related to the acquisition and participation in any type of investment in any business, as well as the administration, management, and control of the development of these investments. The Company has a 100% stake in the subsidiary and controls the activities of this subsidiary. As at 31 December 2020, SkyBridge Asset Management Sarl's investment consisted of cash funds in bank accounts.

In 2020, SkyBridge Asset Management Sarl established an Alternative Investment Fund Sky Adamant Fund (the "Fund"), under a Limited Partnership Agreement (the "LPA"). This Fund was created to invest in alternative investments, including equity instruments, hedging and cash.

The nature and extent of the Company's involvement

The Company is a consultant to SkyBridge Asset Management Sarl on the investment management of the Fund.

In turn, the Limited Partner has the right to appoint or withdraw the General Partner if the following conditions are met:

- 75% of the issued shares must be present or represented at the general meeting;
- The decision must be made by a vote of at least 90% of the shares present or represented.

Investments in a private company of open investment type SBI Adamant Fund

SBI Adamant Fund (hereinafter referred to as "Adamant Fund"), an open-ended investment company, was established and registered in the jurisdiction of the Astana International Financial Center (hereinafter referred to as "AIFC") in accordance with the current regulations and rules of the AIFC. On 4 May 2020, the Company was appointed as the managing company of Adamant Fund (Note 17).

9. PROPERTY AND EQUIPMENT

As at 31 December 2020 and 2019, property and equipment are are presented as follows:

In thousands of tenge	Vehicles	Machinery and equipment	Other	Right-of-use assets (Note 3)	Total
Initial cost					
At 1 January 2019	**53,141**	**44,107**	**12,895**	**174,350**	**284,493**
Additions	–	6,538	1,975	–	8,513
Disposals	–	(169)	–	–	(169)
At 31 December 2019	**53,141**	**50,476**	**14,870**	**174,350**	**292,837**
Additions	–	2,846	710	28,205	31,761
Disposals	–	(3,426)	(67)	(202,555)	(206,048)
At 31 December 2020	**53,141**	**49,896**	**15,513**	–	**118,550**
Accumulated depreciation					
At 1 January 2019	**(16,375)**	**(19,985)**	**(6,332)**	–	**(42,692)**
Charge for the year	(5,288)	(8,130)	(1,764)	(77,489)	**(92,671)**
At 31 December 2019	**(21,663)**	**(28,115)**	**(8,096)**	**(77,489)**	**(135,363)**
Charge for the year	(5,288)	(7,768)	(1,861)	(52,514)	**(67,431)**
Disposals	–	3,426	67	130,003	**133,496**
At 31 December 2020	**(26,951)**	**(32,457)**	**(9,890)**	–	**(69,298)**
Net book value					
At 31 December 2019	**31,478**	**22,361**	**6,774**	**96,861**	**157,474**
At 31 December 2020	**26,190**	**17,439**	**5,623**	–	**49,252**

As at 31 December 2020, the value of fully amortised property and equipment in use was 30,637 thousand tenge (31 December 2019: 29,987 thousand tenge).

10. INTANGIBLE ASSETS

As at 31 December 2020 and 2019, intangible assets are presented as follows:

In thousands of tenge	Licenses	Software	Other intangible assets	Total
Initial cost				
At 31 December 2018	**9,775**	**11,707**	**2,527**	**24,009**
Additions	12	5,534	–	**5,546**
At 31 December 2019	9,787	17,241	2,527	**29,555**
Additions	39	5,650	–	**5,689**
At 31 December 2020	**9,826**	**22,891**	**2,527**	**35,244**
Accumulated depreciation				
At 31 December 2018	**(7,948)**	**(6,331)**	**(45)**	**(14,324)**
Charge for the year	(737)	(2,824)	(548)	**(4,109)**
At 31 December 2019	**(8,685)**	**(9,155)**	**(593)**	**(18,433)**
Charge for the year	(399)	(1,034)	(53)	**(1,486)**
At 31 December 2020	**(9,084)**	**(10,189)**	**(646)**	**(19,919)**
Net book value				
At 31 December 2019	1,102	8,086	1,934	**11,122**
At 31 December 2020	**742**	**12,702**	**1,881**	**15,325**

11. TAXATION

The corporate income tax expenses comprised the following:

In thousands of tenge	2020	2019
Current corporate income tax expense	–	415
Deferred tax overprovided in prior years	(78)	–
Deferred corporate income tax (benefit)/expense	(2,221)	3,659
Corporate income tax (benefit)/expense	**(2,299)**	**4,074**

The following is a reconciliation between the corporate income tax expense applicable to profit before tax in the Republic of Kazakhstan at the current rate of 20% in 2020 and 2019 and the current CIT expense for the years ended 31 December:

	2020	2019
Profit before corporate income tax expense	**77,547**	15,239
Statutory tax rate	**20%**	**20%**
Theoretical income tax expenses at the statutory rate	**15,509**	3,048
Non-taxable income		
Non-taxable income from securities listed on KASE at the income accrual dates	**(28,931)**	(9,329)
Non-taxable income from activities in the AIFC	**(10,086)**	–
Non-deductible expenses		
Changes in unrecognized tax assets	**(4,646)**	–
Other non-deductible expenses	**15,329**	10,355
Non-deductible expenses from activities in the AIFC	**10,526**	–
	(2,299)	**4,074**

Deferred corporate income tax assets and liabilities as at 31 December 2020 and 2019 and their movements in the respective years include the following:

In thousands of tenge	2018	Origination and reversal of temporary differences in the statement of profit and loss	2019	Origination and reversal of temporary differences in the statement of profit and loss	2020
Tax effect of deductible temporary differences					
Deferred tax losses	–	–	–	4,646	**4,646**
Impairment of available-for-sale securities	2,000	–	2,000	–	**2,000**
Provision for unused vacations	2,442	610	3,052	1,289	**4,341**
Consulting services	1,317	(1,317)	–	–	–
Taxes other than income tax	3,897	(3,897)	–	–	–
Expected credit losses	–	117	117	(48)	**69**
Fixed assets and intangible assets	–	–	–	482	**482**
Deferred tax asset	**9,656**	**(4,487)**	**5,169**	**6,369**	**11,538**
Tax effect of deductible temporary differences					
Property and equipment and intangible assets	(1,326)	1,030	(296)	296	–
Taxes other than corporate income tax	–	(202)	(202)	202	–
Deferred tax liability	**(1,326)**	**828**	**(498)**	**498**	–
Unrecognized deferred tax assets	–	–	–	(4,646)	**(4,646)**
Net deferred corporate income tax assets	**8,330**	**(3,659)**	**4,671**	**2,221**	**6,892**

12. SHORT-TERM LOANS TO RELATED PARTIES

As at 31 December 2020 and 2019, short-term loans to related parties are presented as follows:

In thousands of tenge	Currency	Issue date	Maturity date	Interest rate	31 December 2020	31 December 2019
Short-term loans to related parties	Euro	21.12.2020	21.12.2023	0.00%	15,504	–
Discount					(763)	–
					14,741	–

On 21 December 2020, the Company issued an interest-free loan for a three-year period to its subsidiary SkyBridge Asset Management Sarl in the amount of 30,000 euro.

13. OTHER ASSETS

As at 31 December 2020 and 2019, other assets are presented as follows:

In thousands of tenge	31 December 2020	31 December 2019
Restricted funds on the KASE accounts	31,912	2,000
Advances paid for goods and services	29,815	18,574
Deferred expenses	4,979	13,832
Office rental guarantee payments	4,200	4,814
Advance payments to employees	–	800
Other assets	3,146	4,334
	74,052	**44,354**

14. SHARE CAPITAL

As at 31 December 2020 and 2019, the Company has 800,000 issued shares, of which 729,798 shares were fully paid by shareholders at a placement price of 1,021 tenge per common share for a total of 744,798 thousand tenge.

Each common share is entitled to one vote and shares rank equally for dividends. No dividends were declared or paid in 2020 and 2019.

15. LEASE LIABILITIES

	Lease obligation
At 1 January 2019	**174,350**
Interest expense	14,841
Payments	(87,339)
At 31 December 2019	**101,852**
Interest expense	6,867
Payments	(53,082)
Additions	28,205
Disposals	(83,842)
At 31 December 2020	–

On 31 December 2019, the Company under a sublease agreement with SB Capital LLP, leased part of the non-residential premises in the multifunctional building "Esentai Tower". The Company recognized lease liabilities in the amount of 28,205 thousand tenge. On 30 September 2020, the Company voluntarily terminated the sublease agreement with SB Capital LLP, as well as terminated the lease agreement between the Company and Capital Tower Development LLP.

On 5 October 2020, the Company signed a sublease agreement for premises on the 14th floor of the Capital tower business center with PMG N LLP. According to the terms of the contract, for the period of repair work, the sub-lessee is released from the obligation to pay the sublease fee. As of 31 December 2020, the repair work has not been completed.

As of 31 December 2020, the Company has no lease liabilities.

16. OTHER LIABILITIES

As at 31 December 2020 and 2019, other liabilities are present as follows:

In thousands of tenge	**31 December 2020**	31 December 2019
Accrual for unused vacations	23,323	18,305
Accrued commission expenses	14,484	5,390
Taxes payable other than corporate income tax	8,760	15,025
Accounts payable	941	579
Amounts due to employees	–	31,819
Other liabilities	3	25
	47,511	**71,143**

17. FEE AND COMMISSION INOME FROM FIDUCIARY ASSETS

Revenue from contracts with clients

The Company's revenue under contracts with customers is mainly represented by commission income.

Fee and commission income from trust and asset management activities for the years ended 31 December 2020 and 2019 comprised the following:

In thousands of tenge	**2020**	2019
Commission income from third-party asset management	17,309	23,600
Fee and commission income from related party asset management	1,191	–
	18,500	**23,600**

In accordance with the contract for asset management, the Company receives success fees from the actual income received / client remuneration on financial instruments, depending on the type of income received. In accordance with contracts for asset management with other clients, the commission depends on the size of assets under the management.

On 4 May 2020, the Company entered into an agreement for the management of the investment portfolio of Open-ended investment fund SBI Adamant Fund (hereinafter referred to as "SBI Adamant Fund"). Also, on 28 December 2020, the assets of the Closed Joint Investment Fund of Risk Investment Taykazan (hereinafter – "ZPIFRI Taykazan") were transferred to the management of the Company.

In 2020, the Company's fiduciary assets comprised of the following investment funds: AIFN Sputnik, ZPIFRI Khan Tengri, ZPIFRI Taykazan and OEIC SBI Adamant Fund (Note 1). In 2019, the Company has managed assets of AIFN Sputnik and ZPIFRI Khan Tengri.

18. INCOME FROM CONSULTNG AND UNDERWRITING SERVICES

Income from consulting and underwriting services for the years ended 31 December 2020 and 2019 is presented as follows:

In thousands of tenge	**2020**	2019
Income from consulting services	214,094	242,088
Income from underwriting services	46,760	31,684
	260,854	**273,772**

19. INCOME FROM BROKARAGE AND NOMINAL HOLDER SERVICES

Income from brokerage and nominal holder services for the years ended 31 December 2020 and 2019, is presented as follows:

	2020	2019
Income from brokerage activities	270,883	315,015
Income from nominal holder services	103,025	166,889
	373,908	**481,904**

20. INTEREST INCOME

Interest income for the years ended 31 December 2020 and 2019, is presented as follows:

In thousands of tenge	2020	2019
Financial assets at fair value through profit or loss	13,460	25,705
Reverse REPO transactions	956	1,247
	14,416	**26,952**

21. PERSONNEL EXPENSES

Personnel expenses for the years ended 31 December 2020 and 2019 are presented as follows:

In thousands of tenge	2020	2019
Salaries and other benefits	347,096	372,035
Taxes and payroll deductions	32,998	33,360
	380,094	**405,395**

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December 2020 and 2019, comprised the following:

In thousands of tenge	2020	2019
Informational services	54,274	45,457
Amortization of right-of-use assets (Note 9)	52,514	77,489
Professional services	41,458	29,832
Office maintenance	27,620	37,565
Taxes other than corporate income tax	26,132	23,269
Rent expenses	22,318	31,561
Security and insurance	10,246	9,093
Communication services	8,444	6,146
Bank services	3,428	8,284
Personnel training and recruiting	2,436	1,433
Membership fee	2,091	2,372
Advertisement	850	1,345
Travel expenses	518	7,421
Representative expenses	442	5,981
Other	2,260	2,728
	255,031	**289,976**

23. COMMINTMENTS AND CONTINGENCIES

The environment in which the financial and economic activities of the Company are carried out

The economy of the Republic of Kazakhstan continues to show the features inherent in developing countries. Among others, such characteristics include the absence of a freely convertible national currency outside the country and a low level of liquidity of bonds and shares in the markets.

Prospects for the economic stability of the Republic of Kazakhstan substantially depend on the effectiveness of economic measures taken by the Government, as well as the development of the legal, regulatory and political systems that are outside the scope of control of the Company.

The financial condition and future activities of the Company may deteriorate due to continuing economic problems inherent in a developing country.

Management cannot predict either the degree or duration of economic difficulties or assess their impact, if any, on these financial statements. The Company's management believes that it is taking all the necessary measures to maintain the economic sustainability of the Company in these conditions. However, further deterioration of the situation in the areas described above may adversely affect the results and financial position of the Company. At the present time it is impossible to determine exactly what this influence might be.

Legal actions and Claims

In the ordinary course of business, the Company is subject to legal actions and complaints. The Company believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or results of operations of the Company. The Company assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated.

24. FINANCIAL RISK MANAGEMENT POLICY

Risk is inherent in the Company's activities. The Company manages these risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into currency and interest rate risks and equity price risk. It also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Management Board

The Management Board has the responsibility to monitor the overall risk process within the Company.

Risk management

The Risk Management Unit has the overall responsibility for the development of the risk strategy, implementing and maintaining risk related procedures to ensure an independent control process. This unit is also responsible for monitoring risks associated with the Company's compliance with risk principles, frameworks, policies and limits.

24. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Risk measurement and reporting systems

The Company's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Company also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept. In addition, the Company monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents, amount due from credit institutions and commission receivable. While the Company may be subject to losses in the event
of non-performance by its counterparties, the management of the Company does not expect such losses to occur in the selection of counterparties.

At the year end, leading international rating agencies lowered their long-term counterparty ratings for a large number of Kazakhstani banks and corporations. In the management's view, the maximum exposure to the credit risk arising from the cash and cash equivalents, amount due from credit institutions held with local banks is equal to the carrying amounts of these assets.

Where financial instruments are recorded at fair value, the amounts in the table represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Impairment assessment

The Company calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

24. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Credit risk (continued)

Impairment assessment (continued)

PD	The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
EAD	The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has developed a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Credit quality by classes of financial assets

The table below presents an analysis of the credit quality in terms of asset classes for the credit-related items of the statement of financial position based on the Company's credit rating system.

31 December 2020	Note		Standard grade	Sub-standard grade	Impaired	Total
Cash and cash equivalents, except for cash on hand	5	Stage 1	196,359	–	–	**196,359**
Commission receivable	6	Stage 1	147,951	862	–	**148,813**
		Stage 3	–	–	251	**251**
Financial assets at fair value through other comprehensive income	7	Stage 1	257,171	–	–	**257,171**
Total			**601,481**	**862**	**251**	**602,594**

31 December 2019	Note		Standard grade	Sub-standard grade	Impaired	Total
Cash and cash equivalents except for cash on hand	5	Stage 1	403,599	–	–	**403,599**
Commission receivable	6	Stage 1	40,457	–	–	**40,457**
Financial assets at fair value through other comprehensive income	7	Stage 1	143,533	–	–	**143,533**
Total			**587,589**	**–**	**–**	**587,589**

24. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Geographical concentration

Investment Committee of the Company exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Company's activity. Investment Committee is an advisory body of the Company created and approved by the Management Board, which makes investment decisions in respect of own assets and assets under trust management. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan. The financial assets and financial liabilities of the Company are concentrated in the Republic of Kazakhstan.

Liquidity risk and funding management

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. Also, it manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The tables below indicate the currencies to which the Company had significant exposure at 31 December 2020 and 2019 years on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the tenge, with all other variables held constant on the statement of comprehensive income. The negative amount in the table reflects a potential net reduction in the income, while a positive amount reflects a net potential increase.

Currency	Change in exchange rates in % 2020	Effect on profit before tax 2020	Change in exchange rates in % 2019	Effect on profit before tax 2019
US Dollar	+10.00%	82,831	+10.00%	90,269
	-10.00%	(82,831)	-10.00%	(90,269)
Euro	+10.00%	14,406	+10.00%	–
	-10.00%	(14,406)	-10.00%	–

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual shares. The non-trading equity price risk exposure arises from the Company's investment portfolio.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls include effective segregation of duties, access rights, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Procedures of fair value measurement

The Company determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets at fair value through profit or loss and financial assets through other comprehensive income, unquoted derivatives, investment property and for non-recurring measurement, such as assets held for sale.

External valuers are involved for valuation of significant assets, such as properties, financial instruments measured at fair value through profit or loss and at fair value through other comprehensive income. Involvement of external valuers is decided upon annually after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the investment committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Together with the external appraisers, the Company also compares each change in fair value of each asset and liability with relevant external sources to determine whether this change is reasonable. The Company and its external appraisers provide the assessment results on a periodic basis to the audit committee and independent auditors of the Company. In addition, main assumptions used during the appraisal are discussed.

Fair value hierarchy

For the purpose of disclosing the fair values, the Company determined classes of assets and liabilities based on the assets and liabilities nature, characteristics and risks as well as the hierarchy of fair value sources.

The Company uses the following hierarchy for determining the fair value of financial instruments and disclosing information about it, depending on the valuation technique:

- Level 1: quoted (unadjusted) prices in active markets 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, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

In thousands of tenge		Fair value measurement using			
As at 31 December 2020	**Date of valuation**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets at fair value					
Financial assets at fair value through profit or loss	31 December 2020	614,340	–	24,624	**638,964**
Financial assets at fair value through other comprehensive income	31 December 2020	257,171	–	–	**257,171**
Assets and liabilities for which fair value is disclosed					
Cash and cash equivalents	31 December 2020	196,606	–	–	**196,606**
Commission receivable	31 December 2020	–	–	149,064	**149,064**
Other liabilities	31 December 2020	–	–	(941)	**(941)**

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

In thousands of tenge		Fair value measurement using			
As at 31 December 2019	**Date of valuation**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets at fair value					
Financial assets at fair value through profit or loss	31 December 2019	610,264	–	–	**610,264**
Financial assets at fair value through other comprehensive income	31 December 2019	143,533	–	–	**143,533**
Assets and liabilities for which fair value is disclosed					
Cash and cash equivalents	31 December 2019	403,880	–	–	**403,880**
Commission receivable	31 December 2019	–	–	40,457	**40,457**
Lease obligations	31 December 2019	–	(101,852)	–	**(101,852)**
Other liabilities	31 December 2019	–	–	(32,398)	**(32,398)**

Fair value of financial assets and liabilities not carried at fair value

Fair value of financial assets and liabilities not carried at fair value approximates to their carrying amount.

Valuation methods and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled:

	2020			2019		
	Within one year	**More than one year**	**Total**	Within one year	More than one year	Total
Assets						
Cash and cash equivalents	**196,606**	–	**196,606**	403,880	–	**403,880**
Commission receivable	**149,064**	–	**149,064**	40,457	–	**40,457**
Financial assets at fair value through profit or loss	**638,964**	–	**638,964**	610,264	–	**610,264**
Financial assets at fair value through other comprehensive income	–	**257,171**	**257,171**	–	143,533	**143,533**
Plant and equipment	–	**49,252**	**49,252**	–	157,474	**157,474**
Intangible assets	–	**15,325**	**15,325**	–	11,122	**11,122**
Deferred tax assets	–	**6,892**	**6,892**	–	4,671	**4,671**
Current corporate income tax assets	**52,907**	–	**52,907**	51,594	–	**51,594**
Other assets	**74,052**	–	**74,052**	44,354	–	**44,354**
Total	**1,111,593**	**328,640**	**1,440,233**	**1,150,549**	**316,800**	**1,467,349**

26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

Liabilities						
Lease liabilities	–	–	–	–	101,852	**101,852**
Other liabilities	**47,511**	–	**47,511**	71,143	–	**71,143**
Total	**47,511**	–	**47,511**	**71,143**	**101,852**	**172,995**
Net position	**1,064,082**	**328,640**	**1,392,722**	**1,079,406**	**214,948**	**1,294,354**

27. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter transactions which unrelated parties might not. Transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the relationship with related parties with which the Company entered into significant transactions or had significant balances as at 31 December 2020 and 2019 is described in detail below.

Loans to a related party

In thousands of tenge	Relationship	31 December 2020	31 December 2019
CREATRUST – Third-party Fund Construction	Affiliated company	**15,504**	–
Total loans to a related party:		**15,504**	–

Commission receivables

In thousands of tenge	Relationship	31 December 2020	31 December 2019
OEIC SBI Adamant Fund	Subsidiary company	**1,191**	–
Private entity	Company shareholder	736	8,428
Private entities	Founders of the parent company	166	869
Total commission receivables:		**2,093**	**9,297**

Income from transactions with related parties

In thousands of tenge	Relationship	2020	2019
iQ-SOLUTIONS LLP	Affiliated company	**67,725**	–
Private entity	Company shareholder	**3,867**	69,290
Private entities	Founders of the parent company	**1,006**	1,582
Total income from transactions with related parties:		**72,598**	**70,872**

Related party transaction costs:

In thousands of tenge	Relationship	31 December 2020	31 December 2019
IE DK - consulting services	Affiliated company	**17,053**	16,165
SB Capital LLP - rent of premises	Affiliated company	**9,370**	37,582
IQs-Engineering LLP - rent of premises	Affiliated company	**703**	–
Total related party transaction costs:		**27,126**	**53,747**

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation to key management personnel

Below is information on the amount of remuneration to 6 members (in 2019: 9 members) of key management personnel:

In thousands of tenge	2020	2019
Salaries and other payments	90,720	80,355
Taxes and payroll deductions	8,369	6,282
Total compensation to key management personnel	**99,089**	**86,637**

28. CAPITAL ADEQUACY

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the ratios established by the NBRK.

During 2020, the Company had complied in full of all its capital requirements established by the NBRK.

The main goal of capital management for the Company is to ensure compliance with external capital requirements and maintain a high credit rating and capital adequacy ratios necessary to carry out activities and maximize shareholder value.

The NBRK requires from companies managing the investment portfolio to maintain a capital adequacy ratio of not less than 1. Liquid assets and liabilities calculated in accordance with the NBRK requirements were derived from the Company's financial statements.

As at 31 December 2020 and 2019, the Company's capital adequacy ratio exceeded the regulatory minimum and amounted to:

	2020	2019
Liquid assets	**948,328**	930,024
Liabilities	**(47,511)**	(172,995)
Net liquid assets	**900,817**	757,029
Minimum capital established by the NBRK	**298,271**	270,577
Capital adequacy ratio	**3.02**	2.80

29. TRUST MANAGEMENT OPERATIONS

The Company provides asset management services to mutual funds and other companies, which implies that the Company makes decisions on allocation of assets received. Assets that are held in a fiduciary capacity are not included in these financial statements.

On 11 January 2019, the National Bank of the Republic of Kazakhstan agreed on amendments to the Rules of SkyBridge Khan Tengri Closed-End Risk Investment Unit Investment Fund, established in 2007.

On 28 December 2019, the Company established and on 19 February 2019 registered the Interval Mutual Investment Fund SBI Sustainable. As at 31 December 2020, no initial placements were made and funds for trust management were not received.

On 12 August 2019, the Company registered a Closed-End Risk Investment Unit Investment Fund SkyBridge Alatau and Closed-End Risk Investment Unit Investment Fund SkyBridge Kumbel. As at 31 December 2020, As at 31 December 2020, no initial placements were made and funds for trust management were not received.

As at 31 December 2020, the Company carries out investment portfolio management activities for the following funds (hereinafter collectively referred to as the "Funds"):

- Real Estate Joint Stock Investment Fund Sputnik Joint Stock Company;
- Closed-End Risk Investment Unit Investment Fund SkyBridge Khan Tengri;
- Closed-End Risk Investment Unit Investment Fund Taykazan;
- Open-Ended Investment Company SBI Adamant Fund (Note 1).

REPORT ON THE ASSETS OF AIFN SPUTNIK JSC UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

As at 31 December 2020

In thousands of tenge	**31 December 2020**	31 December 2019
Assets		
Cash and cash equivalents	**140,489**	17,863
Investment property	**6,627,141**	6,763,473
Other assets	**53,478**	67
Total assets available to the fund	**6,821,108**	**6,781,403**
Liabilities		
Lease advances received	**29,028**	129,648
Liabilities to the management company and the custodian	**–**	950
Total liabilities	**29,028**	130,598
Net assets value available to the fund	**6,792,080**	**6,650,805**

PROFIT OR LOSS STATEMENT ON ASSETS OF AIFN SPUTNIK UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the year ended 31 December 2020

In thousands of tenge	**2020**	2019
Rental income	**611,901**	207,602
Income from REPO	**7,160**	562
Net revaluation expense	**(136,332)**	–
Commission expenses	**(5,000)**	(2,856)
Other expenses	**(5,454)**	–
Net income for the year	**472,275**	**205,308**

REPORT ON CHANGES IN THE NET ASSETS OF AIFN SPUTNIK UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the year ended 31 December 2020

In thousands of tenge	2020	2019
Net assets of the fund transferred to management as of January 1	**6,650,805**	–
Investment property receipts for management	–	6,710,497
Net income for the year	**472,275**	205,308
Withdrawal of the client's assets	**(188,000)**	(265,000)
Distribution of dividends to shareholders	**(143,000)**	–
Total changes in the fund's net assets during the year	**141,275**	6,650,805
Net assets of the fund transferred to management as at 31 December	**6,792,080**	**6,650,805**

REPORT ON ASSETS OF ZPIFRI KHAN TENGRI UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

As at 31 December 2020

In thousands of tenge	**31 December 2020**	31 December 2019
Assets		
Cash and cash equivalents	**696,547**	240,686
Equity securities at fair value through profit or loss	**48,512,626**	36,921,900
Total assets available to the fund	**49,209,173**	37,162,586
Liabilities		
Liabilities to the management company and custodian	**1,943**	1,712
Total liabilities	**1,943**	1,712
Net assets value available to the fund	**49,207,230**	37,160,874

PROFIT OR LOSS STATEMENT FOR ASSETS OF ZPIFRI KHAN TENGRI UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the year ended December 31, 2020

In thousands of tenge	2020	2019
Income from dividends	**438,630**	214,132
Income from revaluation of securities through profit and loss	**45,354,521**	18,371,434
Expenses from revaluation of securities through profit and loss	**(33,716,588)**	(19,851,658)
Commission expenses	**(12,000)**	(20,744)
Other expenses	**(18,207)**	(12,290)
Net income /(expenses) for the year	**12,046,356**	(1,299,126)

REPORT ON CHANGES IN NET ASSETS OF ZPIFRI KHAN TENGRI UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the year ended December 31, 2020

In thousands of tenge	2020	2019
Net assets of the fund transferred to management as of January 1	**37,160,874**	–
Proceeds from the placement of securities	–	38,460,000
Net income / (expenses) for the year	**12,046,356**	(1,299,126)
Total changes in the fund's net assets during the year	**12,046,356**	37,160,874
Net assets of the fund transferred to management as at 31 December	**49,207,230**	**37,160,874**

REPORT ON THE ASSETS OF ZPIFRI TAYKAZAN UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

As at 31 December 2020

In thousands of tenge	**31 December 2020**	31 December 2019
Assets		
Cash and cash equivalents	**411,530**	–
Total assets available to the fund	**411,530**	–
Liabilities		
Other liabilities	**378**	–
Total liabilities	**378**	–
Net assets value available to the fund	**411,152**	–

PROFIT OR LOSS STATEMENT ON THE ASSETS OF ZPIFRI "TAYKAZAN UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the period from 28 December 2020, the date of formation, to 31 December 2020

In thousands of tenge	**Period from 28 December 2020 to 31 December 2020**
Revaluation gains	**170**
Commission expenses	**(309)**
Other expenses	**(69)**
Net expenses for the period	**(208)**

REPORT ON CHANGES IN NET ASSETS OF ZPIFRI TAYKAZAN UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the period from 28 December 2020, the date of formation to 31 December 2020

In thousands of tenge	**Period from December 28, 2020 to December 31, 2020**
Net assets of the fund transferred to management as of January 1	**–**
Receipts to the Securities Department	**411,360**
Net expenses for the period	**(208)**
Total changes in net assets for the period	**411,152**
Net assets of the fund transferred to management as at 31 December	**411,152**

REPORT ON THE ASSETS OF THE SBI ADAMANT FUND UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

As at 31 December 2020

In thousands of tenge	31 December 2020	31 December 2019
Assets		
Cash and cash equivalents	87,484	–
Equity securities at fair value through profit or loss	768,832	–
Total assets available to the fund	856,316	–
Liabilities		
Accounts payable	1,300	–
Other liabilities	14,826	–
Total liabilities	16,126	–
Net assets available to the fund	840,190	–

PROFIT OR LOSS STATEMENT ON THE ASSETS OF THE SBI ADAMANT FUND, UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the period from 28 December 2020, the date of formation to 31 December 2020

In thousands of tenge	Period from December 28, 2020 to December 31, 2020
Income in the form of dividends on shares	972
Expenses from the purchase and sale of securities	(3,920)
Fee and commission expense Revaluation	(1,191)
expense	(380)
Other expenses	(2,543)
Net expenses for the period	(7,062)

REPORT ON CHANGES IN THE NET ASSETS OF SBI ADAMANT FUND, UNDER THE MANAGEMENT OF SKYBRIDGE INVEST JSC

For the period from 28 December 2020, the date of formation, to 31 December 2020

In thousands of tenge	Period from 28 December 2020 to 31 December 2020
Net assets of the fund transferred to management as of January 1	–
Asset receipts for management	847,252
Net expenses for the period	(7,062)
Total changes in net assets for the period	840,190
Net assets of the fund transferred to management as at 31 December	840,190