“AzFinance Investment Company” CJSC

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor’s Report

31 December 2018

Contents

Independent Auditor's report

Consolidated Financial statements

Consolidated Statement of Financial Position 1
Consolidated Statement of Profit or Loss and Other Comprehensive Income 2
Consolidated Statement of Changes in Equity 3
Consolidated Statement of Cash Flows 4

Notes to the Consolidated Financial Statements

1 The Group and its Operations 5
2 Operating Environment of the Group 5
3 Significant Accounting Policies 6
4 Critical Accounting Estimates and Judgements in Applying Accounting Policies 13
5 Adoption of New or Revised Standards and Interpretations 14
6 New Accounting Pronouncements 15
7 Balances and Transactions with Related Parties 16
8 Cash at trading account 17
9 Due from customers and other receivables 17
10 Investments in Debt Securities 17
11 Investments in Equity Securities 18
12 Cash and Cash Equivalents 18
13 Due to Customers 19
14 Analysis of Revenue by Category 19
15 Other Operating Expenses 20
16 Financial Risk Management 20
17 Management of Capital 22
18 Fair Value Disclosures 22
19 Presentation of Financial Instruments by Measurement Category 24
20 Accounting policies before 1 January 2018 24

Independent Auditor's Report

To the Shareholders and Management of "AzFinance Investment Company" Closed Joint Stock Company:

Our qualified opinion

In our opinion, except for the effect of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "AzFinance Investment Company" Closed Joint Stock Company and its subsidiary (together the "Group") as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2018;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and

  the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

Contrary to the requirements of IAS 24, 'Related party disclosures', the Group has not disclosed the name of its ultimate controlling party in the accompanying consolidated financial statements. Further, in accordance with ISA 705 p19(c) we have not disclosed the identity of the ultimate controlling party in our report as we are prevented from doing so by the Personal Data Law which exists in Azerbaijan Republic.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers Audit Azerbaijan LLC

01 May 2019
Baku, Republic of Azerbaijan

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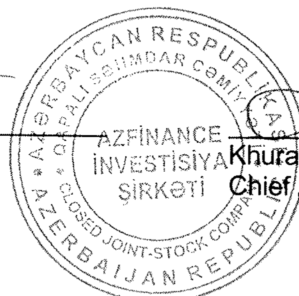
"AzFinance Investment Company" CJSC
Consolidated Statement of Financial Position

In Azerbaijani Manats	Note	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)
ASSETS				
Cash and cash equivalents	12	246,539	1,137,423	1,147,131
Deposit at bank		-	-	1,850,163
Cash at trading account	8	5,708,434	431,088	3,948,591
Investments in debt securities	10	58,907,905	43,708,803	12,919,859
Investments in equity securities	11	559,301	3,088,724	1,716,308
Due from customers	9	1,006,474	-	-
Trade and other receivables	9	264,419	360,491	616,240
Current income tax prepayment		64,376	-	-
Deferred income tax assets		-	27,537	-
Property, equipment and intangible assets		112,400	108,371	119,412
TOTAL ASSETS		**66,869,848**	**48,862,437**	**22,317,704**
LIABILITIES				
Bank loan and borrowings		-	-	11,541
Due to customers	13	64,871,778	47,371,968	21,092,816
Trade and other payables		305,133	153,045	184,120
Current income tax payable		-	13,233	-
Deferred income tax liability		40,370	-	7,547
TOTAL LIABILITIES		**65,217,281**	**47,538,246**	**21,296,024**
EQUITY				
Charter capital		1,550,000	1,550,000	1,550,000
Paid-in capital		612,175	612,175	312,175
Accumulated deficit		(510,151)	(838,720)	(841,918)
Equity attributable to the Group's owners		**1,652,024**	**1,323,455**	**1,020,257**
Non-controlling interest		**543**	**736**	**1,423**
TOTAL EQUITY		**1,652,567**	**1,324,191**	**1,021,680**
TOTAL LIABILITIES AND EQUITY		**66,869,848**	**48,862,437**	**22,317,704**

Approved for issue and signed on 01 May 2019.



Abid Mamedov
Director

Khuraman Zulalova
Chief Accountant

The accompanying notes on pages 5 to 25 are an integral part of these consolidated financial statements.

In Azerbaijani Manats	Note	2018	2017 (Restated)
Revenue			
Revenue from asset management	14	1,748,814	646,940
Revenue from brokerage operations	14	668,387	587,275
Other Revenue	14	687,744	314,766
Total Revenue		**3,104,945**	**1,548,981**
Expenses			
Staff cost		(1,726,820)	(899,387)
Commission expense		(116,274)	(52,414)
Other operating expenses	15	(911,624)	(657,063)
Operating profit/(loss)		**350,227**	**(59,883)**
Other income		46,056	80,141
Profit before income tax		**396,283**	**20,258**
Income tax expense		(67,907)	(17,747)
PROFIT FOR THE YEAR		**328,376**	**2,511**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**328,376**	**2,511**
Total comprehensive income / (loss) is attributable to:			
- Owners of the Group		328,569	3,198
- Non-controlling interest		(193)	(687)
Total comprehensive income for the year		**328,376**	**2,511**

The accompanying notes on pages 5 to 25 are an integral part of these consolidated financial statements.

In Azerbaijani Manats	Note	Share capital	Paid-in Capital	Accumulated deficit	Total	Non-controlling interest	Total equity
Previously reported balance at 31 December 2016		*1,550,000*	-	*(639,880)*	*910,120*	*1,423*	*911,543*
Adjusted At 1 January 2017		**1,550,000**	**312,175**	**(841,918)**	**1,020,257**	**1,423**	**1,021,680**
Total comprehensive income for the year		-	-	3,198	**3,198**	(687)	**2,511**
Additional investments		-	300,000	-	**300,000**	-	**300,000**
Balance at 31 December 2017 (restated)		**1,550,000**	**612,175**	**(838,720)**	**1,323,455**	**736**	**1,324,191**
Balance at 31 December 2017 as previously reported		*1,550,000*		*(535,734)*	*1,014,266*	*734*	*1,015,000*
Total comprehensive income for the year		-	-	328,569	**328,569**	(193)	**328,376**
Balance at 31 December 2018		**1,550,000**	**612,175**	**(510,151)**	**1,652,024**	**543**	**1,652,567**

The accompanying notes on pages 5 to 25 are an integral part of these consolidated financial statements.

In Azerbaijani Manats	Note	2018	2017 (restated)
Cash flows from operating activities			
Profit before income tax		396,283	20,258
Adjustments for:			
Depreciation and amortisation		17,964	24,511
Foreign exchange translation differences		364	(2,910)
Finance income		-	(32,393)
Operating cash flows before working capital changes		**414,611**	**9,466**
(Increase)/decrease in cash at trading account		(5,277,346)	3,517,503
Increase in investment in debt securities		(15,199,102)	(31,007,615)
Decrease/(increase) in investment in equity securities		2,529,423	(1,153,745)
Decrease in trade and other receivables		96,072	255,749
Increase in due from customers		(1,006,474)	-
Increase in due to customers		17,499,810	26,279,152
Increase/(decrease) in trade and other payables		152,088	(31,075)
Changes in working capital			
Income taxes paid		(77,609)	(36,400)
Interest income received		-	32,503
Net cash used in operating activities		**(868,527)**	**(2,134,462)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(22,357)	(13,868)
Cash received from deposit at bank		-	1,850,163
Net cash (used in)/from investing activities		**(22,357)**	**1,836,295**
Cash flows from financing activities			
Capital contributions from shareholder		-	300,000
Repayment of borrowings		-	(11,541)
Net cash from financing activities		**-**	**288,459**
Cash and cash equivalents at the beginning of the year		**1,137,423**	**1,147,131**
Cash and cash equivalents at the end of the year	12	**246,539**	**1,137,423**

1 The Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2018 for "AzFinance Investment Company" Closed Joint Stock Company and its subsidiary (the "Group").

The Group was incorporated and is domiciled in the Republic of Azerbaijan on 30 January 2014. The Group is a closed joint stock company and was set up in accordance with Azerbaijani regulations.

As of 31 December 2018 and 2017 the Group's shareholder was "G Capital Middle East limited".

Principal activity. The Group's principal business activity is brokerage, asset management, consulting and underwriting operations. The Group is operating within the Republic of Azerbaijan and mainly deals with the securities issued within the Republic of Azerbaijan. However, the Group also trades on the foreign market.

As at 31 December 2018 and 31 December 2017 "AzFinance Investment Company" Closed Joint Stock Company owned 99% in its subsidiary AzFinance Asset Management Limited Liability Company.

The Group had 27 employees as at 31 December, 2018 (31 December 2017: 20 employees).

Registered address and place of business. The Group's registered address and principal place of business is Nariman Narimanov avenue 206, Block 466, Baku, the Republic of Azerbaijan.

Presentation currency. These consolidated financial statements are presented in Azerbaijani Manats ("AZN"), unless otherwise stated.

2 Operating Environment of the Group

The Republic of Azerbaijan. During 2018, the Republic of Azerbaijan displayed macroeconomic processes of an emerging market. Economic reforms undertaken by government have made a significant contribution to the economic sustainability of Azerbaijan. The monetary policy of the Central Bank of the Republic of Azerbaijan in 2018 was oriented towards achievement of price stability and shaping a favorable socio-economic environment for people and business activity by maintaining low and stable inflation.

During the year, inflation was stable at a low single-digit rate, the economic growth remained positively zoned, the exchange rate of the national currency was sustainable, positive trends emerged in the foreign sector, balance of payments surplus contributed to the increased strategic foreign currency reserves of the country.

Significant measures have been taken in taxation as well. To ensure more operative and transparent tax system many amendments were made to the Tax Code. As a result of enacted Law on amendments to the Tax Code signed in 2018, plenty of incentives were introduced to the Tax Code, such as exemptions for small and medium entrepreneurship, reduced tax rate introduced for the income of employees who are engaged to the employment in non-oil-gas and non-government for 7 years period, etc.

In January 2019, Standard & Poor's Financial Services LLC, international credit rating agency, affirmed the long and short-term foreign and local currency sovereign credit ratings of Azerbaijan at 'BB+/B'. The outlook on the long-term ratings is stable. The agency forecasts that Azerbaijan's economic growth will recover moderately but will still remain dependent on oil industry trends and public investments.

The Group's management observes these developments related to the economic environment and takes precautionary measures as it considers necessary in order to support the sustainable development of the Group's strategy. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

3 Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by initial recognition of financial instruments based on fair value and financial instruments categorised at fair value through profit or loss ("FVTPL"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the periods presented, unless otherwise stated. (refer to Notes 5 and 20)

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Consolidated financial statements. Subsidiaries are those investees, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Group and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Foreign currency translation. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Group and its subsidiary, and the Group's presentation currency, is the national currency of the Republic of Azerbaijan, Azerbaijani Manats ("AZN"). The consolidated financial statements are presented in Azerbaijani Manats ("AZN"), which is the Group's presentation currency.

3 Significant Accounting Policies (Continued)

Transactions and balances. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of Azerbaijan ("CBAR") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at period-end official exchange rates of the CBAR are recognised in profit or loss. Translation at period-end rates does not apply to non-monetary items. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

At 31 December 2018 and 2017, the principal rates of exchange used for translating foreign currency balances were as follows:

Currency	2018	2017
USD	1,7000	1,7001
RR	0.0245	0.0295

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year within other operating expenses.

Intangible assets. The Group's intangible assets primarily include capitalised computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. All costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Financial instruments – key measurement terms. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 19.

3 Significant Accounting Policies (Continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories:

(a) Financial assets measured at fair value through profit or loss (FVPL), showing separately those mandatorily classified and those designated upon initial recognition.

(b) Financial assets measured at amortised cost (AC).

(c) Financial assets measured at fair value through other comprehensive income (FVOCI).

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

See Note 4 for the critical estimates and judgements on determination of business model for managing asset portfolios and Note 5 for explanations regarding the change in accounting policy and the reclassification of certain investments following the adoption of IFRS 9.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include Group's strategy, the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how the assets' performance is assessed and how managers are compensated. Refer to Note 4 for critical judgements applied by the Group in determining the business models for its financial assets.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI").

3 Significant Accounting Policies (Continued)

Financial assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities – measurement categories. The Group classifies financial liabilities in the following measurement categories:

(a) Financial liabilities measured at FVPL, showing those that meet the definition of held for trading and those designated upon initial recognition.

(b) Financial liabilities measured at amortised cost.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Financial liabilities designated at FVTPL. The Group may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

Cash at trading account. Cash at trading account accounts represent cash held in National Deposit Center. Cash at trading account is used for settlement of purchases and sales of securities on stock market.

Trade and other receivables. Trade and other receivables are recognised for receivables from brokerage operations and show the amount receivable from counterparties for the services performed by the Group. Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Due from customers. Due from customers are recognised for amounts due from customers for which asset management services are performed by the Group. These amounts consist of the amounts invoiced and to be received from counterparties. Due from customers are recognised initially at fair value and are subsequently carried at amortised cost using effective interest method. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

Due to customers. Due to customers are recognised for asset management contracts and arise at the moment when the counterparty transfers portfolio of assets which may consist from securities or/and cash to the Group for asset management services. Due to customers are recognised initially at fair value and are remeasured at the end of reporting date. The agreement with the customer includes minimum rate of return and floating performance obligations, which are dependent on the performance of the portfolio transferred to Group.