

**JOINT STOCK COMPANY  
"INSURANCE COMPANY  
"AMANAT"**

Financial Statements and  
Independent Auditors' Report  
For the Year Ended 31 December 2018

# Joint Stock Company "Insurance Company "Amanat"

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# Joint Stock Company "Insurance Company "Amanat"

## Statement of Management's Responsibilities For the Preparation and Approval of The Financial Statements For the Year Ended 31 December 2018

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Management of Joint Stock Company "Insurance Company "Amanat" ("the Company") is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2018 and the related statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the financial statements ("the financial statements") in compliance with International Financial Reporting Standards ("IFRSs").

In preparing the financial statements, management is responsible for:

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

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRSs;
- maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2018 were approved by the Management Board of the Company on 29 April 2019.

**On behalf of the Management Board:**

  
\_\_\_\_\_  
**Begimbetov Y.N.**  
**Chairman of the Management Board**

29 April 2019  
Almaty, Kazakhstan



\_\_\_\_\_  
**Semykina A.V.**  
**Chief Accountant**

29 April 2019  
Almaty, Kazakhstan

## INDEPENDENT AUDITORS' REPORT

To: Shareholder and Board of Directors of Joint Stock Company "Insurance Company "Amanat"

### Opinion

We have audited the financial statements of Joint Stock Company Subsidiary "Insurance Company "Amanat" ("the Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, statement of 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 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to Note 4 to the financial statements which describes the restatement of corresponding figures for the year ended 31 December 2017. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

**Why the matter was determined to be a key audit matter**

**How the matter was addressed in the audit**

**Estimation of Incurred But Not Reported Reserves**

The estimation of Incurred but not reported reserves ("IBNR"), involves a significant degree of judgement given the inherent uncertainty in estimating the expected payments for claims.

The reserves are based on the best estimate of expected payments for the claims incurred but not settled at the reporting date but not settled, regardless of whether they were reported or not. A range of statistical methods may be used to determine the reserves' value.

Lines of business with a greater length of time between the initial accident event and settlement also tend to display greater variability between initial estimates and actual settlement.

The valuation of reserves is dependent on the quality of the underlying data. It involves complex and subjective judgements in respect of the future events, both internal and external to the business, and small changes in the assumptions can materially affect the estimates (as disclosed in Note 14).

Based on the above this matter was determined as a key audit matter.

During our audit procedures, we focused on the business lines associated with higher risks.

We evaluated the Company's actuarial methodologies and analysed them for consistency with the industry practices. We performed the following procedures:

- We obtained an understanding of the Company's the processes and internal controls related to recognition and measurement of IBNR.
- With involvement of our actuarial specialists and using our industry knowledge we got understanding and evaluated the Company's reserving methodologies driving the amount of IBNR.
- We challenged main assumptions by comparing them with our expectations based on the Company's historical experience and current trends. For selected lines of business we also performed our own independent actuarial projections and compared the results with the Company's.
- We reconciled inputs from the claims database with the data used in the actuarial reserving calculations.

We found no material exceptions in these tests.

**Other Information - Annual Report**

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Other Matters**

The financial statements of the Company for the year ended 31 December 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 10 April 2018.

As part of our audit of the financial statements for the year ended 31 December 2018, we also audited the adjustments described in Note 4 that were applied to amend the 2017 corresponding figures. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements taken as a whole.

## **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 the 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 has no realistic alternative but to do so.

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

## **Auditors Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors 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 auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.



Nurlan Bekenov  
General Director  
Deloitte LLP  
State license on auditing  
in the Republic of Kazakhstan  
No. 0000015, type MFU-2, issued by  
the Ministry of Finance of  
the Republic of Kazakhstan  
dated 13 September 2006



Zhangir Zhilybayev  
Team Leader  
Qualified Auditor  
of the Republic of Kazakhstan  
Qualification Certificate No. MF-0000116  
dated 22 November 2012

29 April 2019  
Almaty, Kazakhstan



# Joint Stock Company "Insurance Company "Amanat"

## Statement of Financial Position as at 31 December 2018

(in thousands of Kazakhstani Tenge)

	Notes	31 December 2018	31 December 2017 (restated)*
<b>ASSETS:</b>			
Cash and cash equivalents	5	109,696	1,472,526
Reverse repurchase agreements	5	703,366	753,729
Due from banks	6	158,112	1,049,050
Financial assets at fair value through profit or loss	7	3,737,116	3,011,592
Investments available-for-sale	8	826,276	181,542
Investments held-to-maturity	9	250,140	248,416
Insurance and reinsurance premium receivable	10	717,276	578,453
Other insurance and reinsurance receivable	11	90,756	86,812
Deferred acquisition costs	12	681,699	530,357
Unearned premiums reserve, reinsurers' share	13, 31	289,373	428,559
Reserves for claims and claims' adjustment expenses, reinsurers' share	14, 31	274,507	279,196
Property, equipment and intangible assets	15	755,060	779,927
Deferred income tax assets	28	16,420	16,864
Current income tax assets		41,833	35,951
Other assets	16, 31	78,409	65,827
<b>TOTAL ASSETS</b>		<b>8,730,039</b>	<b>9,518,801</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Unearned premiums reserve	13, 31	2,727,238	2,475,786
Reserves for claims and claims' adjustment expenses	14, 31	1,201,129	1,083,916
Insurance and reinsurance payable	17	576,759	512,380
Repurchase agreements		-	1,122,348
Other liabilities	18, 31	178,086	147,981
<b>TOTAL LIABILITIES</b>		<b>4,683,212</b>	<b>5,342,411</b>
<b>EQUITY:</b>			
Share capital	19	1,930,000	1,930,000
Property revaluation reserve		182,436	191,402
Investments available-for-sale fair value deficit		(1,886)	-
Stabilization reserve	19	4,136	24,040
Retained earnings		1,932,141	2,030,948
<b>TOTAL EQUITY</b>		<b>4,046,827</b>	<b>4,176,390</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,730,039</b>	<b>9,518,801</b>

\*Restated as disclosed in Note 4.

On behalf of the Management Board:

Begimbetov Y.N.  
Chairman of the Management Board

29 April 2019  
Almaty, Kazakhstan

Semykina A.V.  
Chief Accountant

29 April 2019  
Almaty, Kazakhstan

The notes on pages 12-54 form an integral part of these financial statements.

# Joint Stock Company "Insurance Company "Amanat"

## Statement of Profit or Loss for the Year Ended 31 December 2018

(in thousands of Kazakhstani Tenge, except for earnings per share which are in Tenge)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017 (restated)*
Written insurance premiums	20, 31	6,023,882	8,941,659
Ceded reinsurance premiums	20	(1,154,802)	(4,796,226)
<b>PREMIUMS WRITTEN, NET OF REINSURANCE</b>	20	<b>4,869,080</b>	<b>4,145,433</b>
Change in unearned premiums reserve, net	13, 20, 31	(390,638)	103,620
<b>PREMIUMS EARNED, NET OF REINSURANCE</b>	20	<b>4,478,442</b>	<b>4,249,053</b>
Claims paid, gross	21, 31	(1,814,734)	(1,577,477)
Claims paid, reinsurers' share	21	445,439	137,710
Change in reserves for claims and claims' adjustment expenses, gross	21, 31	(117,213)	315,811
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	21, 31	(4,689)	(125,780)
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>	21	<b>(1,491,197)</b>	<b>(1,249,736)</b>
Commission income	22	74,386	52,934
Commission expense	22	(1,239,895)	(1,036,161)
<b>NET COMMISSION EXPENSE</b>	22	<b>(1,165,509)</b>	<b>(983,227)</b>
Investment income, net	23	513,535	576,226
Other operating income, net	24	41,121	11,434
<b>OTHER INCOME</b>		<b>554,656</b>	<b>587,660</b>
Salaries and benefits	31	(1,587,846)	(1,423,033)
Administrative and operating expenses	25	(782,926)	(715,764)
Provision for impairment losses on other operations	26	(22,341)	(6,711)
Depreciation and amortization	15	(91,434)	(83,402)
Net gain/(loss) on foreign exchange operations	27	185,298	(19,661)
<b>OPERATING EXPENSES</b>		<b>(2,299,249)</b>	<b>(2,248,571)</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>77,143</b>	<b>355,179</b>
Income tax expense	28	(12,494)	(11,882)
<b>NET PROFIT</b>		<b>64,649</b>	<b>343,297</b>
<b>EARNINGS PER SHARE</b>			
Basic and diluted (KZT)	29	33.50	214.40

\*Restated as disclosed in Note 4.

On behalf of the Management Board:

**Begimbetov Y.N.**  
Chairman of the Management Board

29 April 2019  
Almaty, Kazakhstan

**Semykina A.V.**  
Chief Accountant

29 April 2019  
Almaty, Kazakhstan

The notes on pages 12-54 form an integral part of these financial statements.

# Joint Stock Company "Insurance Company "Amanat"


## Statement of Other Comprehensive Income for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
<b>NET PROFIT</b>		<b>64,649</b>	<b>343,297</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Loss on property revaluation, net of income tax of KZT Nil	15	(8,966)	(48,399)
		<b>(8,966)</b>	<b>(48,399)</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net loss resulting on revaluation of investments available-for-sale during the year, net of income tax of KZT Nil		(1,886)	-
		<b>(1,886)</b>	<b>-</b>
<b>OTHER COMPREHENSIVE LOSS</b>		<b>(10,852)</b>	<b>(48,399)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>53,797</b>	<b>294,898</b>

On behalf of the Management Board:

Begimbetov, Y.N.  
Chairman of the Management Board

29 April 2019  
Almaty, Kazakhstan

  
Semykina A.V.  
Chief Accountant

29 April 2019  
Almaty, Kazakhstan

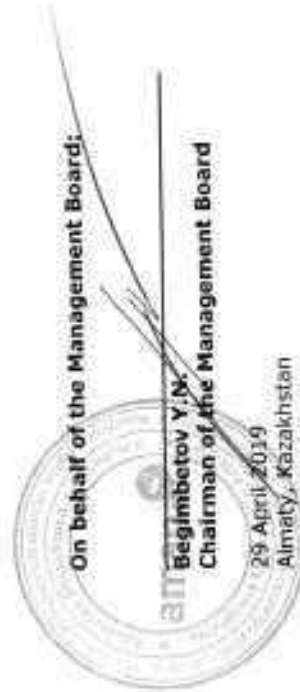
The notes on pages 11-54 form an integral part of these financial statements.

# Joint Stock Company "Insurance Company "Amanat"

## Statement of Changes in Equity for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

	Notes	Share capital	Additional paid-in capital	Property revaluation reserve (restated)*	Investments available-for-sale fair value deficit	Stabilization reserve	Retained earnings (restated)*	Total equity
<b>31 December 2016</b>		<b>1,330,000</b>	<b>349,306</b>	<b>239,801</b>	-	-	<b>1,362,385</b>	<b>3,281,492</b>
Net profit		-	-	-	-	-	343,297	343,297
Other comprehensive loss		-	-	(48,399)	-	-	-	(48,399)
<b>Total comprehensive (loss)/income</b>		-	-	<b>(48,399)</b>	-	-	<b>343,297</b>	<b>294,898</b>
Transfer of the additional paid-in-capital	19	-	(349,306)	-	-	-	349,306	-
Transfer to Stabilization reserve		-	-	-	-	24,040	(24,040)	-
Issue of ordinary shares		600,000	-	-	-	-	-	600,000
<b>31 December 2017 (restated)*</b>		<b>1,930,000</b>	-	<b>191,402</b>	-	<b>24,040</b>	<b>2,030,948</b>	<b>4,176,390</b>
Net profit		-	-	-	-	-	64,649	64,649
Other comprehensive loss		-	-	(8,966)	(1,886)	-	-	(10,852)
<b>Total comprehensive (loss)/income</b>		-	-	<b>(8,966)</b>	<b>(1,886)</b>	-	<b>64,649</b>	<b>53,797</b>
Transfer from Stabilization reserve		-	-	-	-	(19,904)	19,904	-
Dividends declared	19	-	-	-	-	-	(183,360)	(183,360)
<b>31 December 2018</b>		<b>1,930,000</b>	-	<b>182,436</b>	<b>(1,886)</b>	<b>4,136</b>	<b>1,932,141</b>	<b>4,046,827</b>

\*Restated as disclosed in Note 4.



On behalf of the Management Board:

**Beginbetov Y.N.**  
Chairman of the Management Board

29 April 2019  
Almaty, Kazakhstan

**Semykina A.V.**  
Chief Accountant

29 April 2019  
Almaty, Kazakhstan

The notes on pages 12-54 form an integral part of these financial statements.


# Joint Stock Company "Insurance Company "Amanat"

## Statement of Cash Flows For the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)


	Notes	Year ended 31 December 2018	Year ended 31 December 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>77,143</b>	<b>355,179</b>
Profit before income tax			
Adjustments for:			
Change in unearned premiums reserve, net	13, 20	390,638	(103,620)
Change in reserves for claims and claims' adjustment expenses, net of reinsurers' share	21	121,902	(190,031)
Depreciation and amortization	15	91,434	83,402
Provision for impairment losses on other operations	26	22,341	6,711
Recovery of provision for impairment losses on investments available-for-sale	8, 23	(5,266)	-
Unrealized gain on revaluation of financial assets at fair value through profit or loss	23	(3,204)	(49,877)
Change in deferred acquisition costs		(151,342)	(71,068)
Unrealized (gain)/loss on foreign exchange operations	27	(180,948)	9,731
Net change in accrued interest income		43,865	(20,455)
Premium amortization on investments		(1,726)	(1,299)
Loss from disposal of property and equipment	24	29,580	32,545
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>434,417</b>	<b>51,218</b>
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Purchase and redemption of financial assets at fair value through profit or loss		(549,728)	(429,486)
Insurance and reinsurance premium receivable		(158,151)	14,514
Other insurance and reinsurance receivable		(4,257)	75,636
Other assets		(15,282)	(14,224)
Increase/(decrease) in operating liabilities:			
Repurchase agreements		(1,122,348)	1,122,348
Insurance and reinsurance payable		64,379	190,966
Other liabilities		11,105	5,822
<b>Cash flows (used in)/from operating activities before taxes paid</b>		<b>(1,339,865)</b>	<b>1,016,794</b>
Income taxes paid		(17,932)	(27,318)
<b>Net cash flows (used in)/from operating activities</b>		<b>(1,357,797)</b>	<b>989,476</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash placed as deposits in banks		(1,852,417)	(2,740,560)
Cash withdrawn from deposits in banks		2,677,895	3,034,168
Purchase of investments available-for-sale		(786,339)	(163,876)
Proceeds from sale/redemption of investments available-for-sale		169,502	-
Purchase of property, equipment and intangible assets	15	(116,203)	(144,348)
Proceeds from disposal of property and equipment		11,090	13,783
<b>Net cash flows from/(used in) investing activities</b>		<b>103,528</b>	<b>(833)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of ordinary shares		-	600,000
Dividends paid	19	(164,360)	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(164,360)</b>	<b>600,000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,418,629)</b>	<b>1,588,643</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		5,436	283
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	5	<b>2,226,255</b>	<b>637,329</b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	5	<b>813,062</b>	<b>2,226,255</b>

Interest received by the Company during the years ended 31 December 2018 and 2017 amounted to KZT 551,979 thousand and KZT 473,058 thousand, respectively.

On behalf of the Management Board:

  
Begimbetov Y.N.  
Chairman of the Management Board

29 April 2019  
Almaty, Kazakhstan

  
Semykina A.V.  
Chief Accountant

29 April 2019  
Almaty, Kazakhstan

The notes on pages 12-54 form an integral part of these financial statements.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

### 1. Organisation

Joint Stock Company "Insurance Company "Amanat" ("the Company") was incorporated in the Republic of Kazakhstan on 24 July 1997 under the laws of the Republic of Kazakhstan.

The Company possesses insurance (reinsurance) license No.2.1.52 dated 9 November 2015, updated license No.2.1.62 dated 16 January 2019, for voluntary and compulsory general insurance and reinsurance issued by the National Bank of Kazakhstan ("the NBK").

The Company offers various general insurance products in property and casualty, civil liability, cargo, medical insurance, personal insurance and reinsurance.

The Company's legal address is 63 Tole bi Str., Almaty, the Republic of Kazakhstan.

As at 31 December 2018 and 2017, the number of employees of the Company was 357 and 356, respectively.

As at 31 December 2018 and 2017, the Company had 14 and 15 branches operating in the Republic of Kazakhstan, respectively.

As at 31 December 2018 and 2017, Idrisov D.A. was the sole shareholder of the Company.

These financial statements were authorized for issue on 29 April 2019 by the Management Board of the Company.

### 2. Significant accounting policies

#### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared assuming that the Company is a going concern and will continue operation for the foreseeable future. The management and shareholder have the intention to further develop the business of the Company in the Republic of Kazakhstan both in corporate and retail segments. The Management believes that the going concern assumption is appropriate for the Company due to its sufficient capital adequacy ratio and based on historical experience that short-term obligations will be refinanced in the normal course of business.

These financial statements are presented in thousands of Kazakhstani tenge ("KZT thousand"), unless otherwise indicated.

#### Basis of preparation

These financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained below.

Exchange rates for the currencies in which the Company transacts were as follows:

	31 December 2018	31 December 2017
<b>Closing exchange rates – KZT</b>		
1 U.S. Dollar ("USD")	384.20	332.33
1 Euro ("EUR")	439.37	398.23
1 Russian Ruble ("RUR")	5.52	5.77



# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) *(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

### Functional currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The functional currency of the financial statements is the Kazakhstani Tenge ("KZT" or "Tenge"). All values are rounded to the nearest thousand Tenge, except when otherwise indicated.

### Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The principal accounting policies are set out below.

### Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### Changes in reserve estimation

During the reporting period, the Company has changed the method of calculating the incurred but not reported reserves ("IBNR"). These changes in the estimation of reserves should be reflected on the date of change and on future dates in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Below, the Company discloses the impact of changes at the time of the changes, but does not disclose the impact in future periods, since it is impracticable.

Prior to 31 December 2018, the Company calculated the IBNR in the line of business "Civil liability of car owners" on the basis of three years statistic with the quarterly frequency.

Starting from 31 December 2018, the Company applies six years statistic with the semiannual frequency.

Changes in estimation as at 31 December 2018	Previous estimation	The effect of the change	Current estimation
IBNR	54,670	29,638	84,308

### Financial instruments

The Company recognizes financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

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Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held to maturity' ("HTM") investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend and interest earned on the financial asset and is included in the 'investment income, net' line item, respectively, in the statement of profit or loss. Fair value is determined in the manner described in Note 33.

### Investments available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments available-for-sale fair value deficit, with the exception of other-than-temporary impairment losses; interest calculated using the effective interest method, dividend income and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments available-for-sale fair value reserve is reclassified to profit or loss.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

### Investments held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are measured at amortised cost using the effective interest method less any impairment.

If the Company were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Company would be prohibited from classifying any financial asset as held to maturity during the current financial year and following two financial years.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and current accounts in local, foreign currency in the second tier banks of the Republic of Kazakhstan and deposits with original maturity less than 3 months.

### Repurchase and reverse repurchase agreements

In the normal course of business, the Company enters into financial assets sale and purchase back agreements ("repos") and financial assets purchase and sale back agreements ("reverse repos"). Repos and reverse repos are utilized by the Company as an element of its treasury management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the financial statements and consideration received under these agreements is recorded as collateralized deposit received within depositary instruments with banks.

Assets purchased under reverse repos are recorded in the financial statements as reverse repurchase agreement and collateralized by securities.

The Company enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

The transfer of securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred.

### Due from banks

In the normal course of business, the Company maintains deposits for various periods of time with banks. Due from banks are measured at amortized cost using the effective interest method.

### Reinsurance

The Company cedes insurance risk in the normal course of business. Recoverable amounts are estimated in a manner consistent with the unearned premiums reserve and reserves for claims and claims' adjustment expenses in accordance with the reinsurance contract.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) *(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes reinsurance risk in the normal course of business for general insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contracts.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

### **Insurance and reinsurance premium receivable**

Insurance and reinsurance premium receivable is recognized when the related income is earned. The carrying value of insurance and reinsurance premium receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

Insurance and reinsurance premium receivable is derecognized when the derecognition criteria for financial assets has been met.

### **Write off of accounts receivable**

Accounts receivable are written off against the allowance for impairment losses when deemed uncollectible. Accounts receivable are written off after management has exercised all possibilities available to collect amounts due to the Company and after the Company has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the statement of profit or loss in the period of recovery.

### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments available-for-sale fair value deficit.

### **Prepayments**

Prepayments include advance payments, which are charged to expense in the year, when services are provided.

### **Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.



# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and amortisation, except for land and buildings, which are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation is charged on the carrying value of property, equipment and intangible assets is designed to write off assets over their useful economic lives. It is calculated on a straight-line basis at the following annual prescribed rates:

	<b>Rates</b>
Buildings	4% - 10%
Vehicles	25%
Machinery and equipment	30%
Other	15%
Intangible assets	15%

Depreciation on revalued buildings is recognised in profit or loss. Depreciation of revaluation reserve is transferred annually from the revaluation reserve to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The carrying amounts of property and equipment and intangible assets are reviewed at each reporting date by the Company to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

An item of property, equipment and intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Insurance and reinsurance payable

Payable on direct insurance business comprise insurance benefits due but not yet paid out, premium refunds not paid out and commissions due to agents.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) *(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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The liabilities are shown at the amounts actually due on repayment.

Payables on reinsurance business comprise net reinsurance premiums due to reinsurers and brokers in connection with the reinsurance business ceded and obligations on claims to be paid on assumed reinsurance business.

### **Liability adequacy test**

The Company applies a liability adequacy test at each reporting date to ensure that the insurance liabilities are adequate considering the estimated future cash flows. This test is performed by comparing the carrying value of the liability and the discounted projections of future cash flows (including premiums, claims, expenses, investment return and other items), using best estimate and assumptions.

If a deficiency is found in the liability (i.e. the carrying value amount of its insurance liabilities is less than the future expected cash flows) that deficiency is fully recognized in the statement of profit or loss.

### **Reserves for claims and claims' adjustment expenses**

Reserves for claims and claims adjustment expenses is a summary of estimates of ultimate losses, and includes both claims reported but not settled ("RBNS") and claims incurred but not reported ("IBNR").

RBNS is created for significant reported claims not settled at the reporting date. Estimates are made on the basis of information received by the Company during its investigation of insured events. IBNR is estimated by the Company based on its previous statistics of claims/indemnification of claims using actuarial methods of calculation, which include loss triangulation for insurance classes for which there is statistical data. For lines of insurance that do not have sufficient statistical data, IBNR is calculated according to the NBK requirements as not less than 5% of the written premiums. The reinsurers' share in the reserves for claims and claims' adjustment expenses is calculated in accordance with the reinsurers' share under the reinsurance contracts.

### **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 obligation can be made.

### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

### **Share capital**

Contributions to share capital are recognized at cost.

The reserves recorded in the equity on the Company's statement of financial position include:

- Property and equipment revaluation reserve which comprises changes in fair value of buildings;
- Investments-available-for-sale fair value deficit;
- Stabilization reserve.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
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## Property revaluation reserve

Any increase in the value of land and buildings as a result of the revaluation is included in other comprehensive income and is accumulated in equity to the extent that it exceeds previous amount of decrease in the value of the same assets that was recognized as a loss. Revaluation within the amounts of the previous decrease in value is recognized in profit or loss.

## Investments available-for-sale fair value deficit

The revaluation deficit for investments available for sale includes the cumulative net change in the fair value of financial assets until these assets are derecognised or impaired.

## Stabilization reserve

Stabilization reserve is recognized by adjusting retained earnings and is an estimate of the Company's liabilities to cover any unforeseen future losses in case of exceed of average ratio over unprofitable insurance lines of business.

## Taxation

Income tax expense represents the sum of the current income tax expense and deferred income tax expense.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other reporting periods and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and deferred income tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

*(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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### **Operating taxes**

The Republic of Kazakhstan also has various other taxes, which are assessed on the Company's activities. These taxes are included as a component of operating expenses in the statement of profit or loss.

### **Underwriting income and expense**

Underwriting income includes net written insurance premiums and commissions earned on ceded reinsurance reduced by the net change in the unearned premium reserve, claims paid, reserves for claims and claims' adjustment expenses, and acquisition costs.

Net written insurance premiums represent gross written premiums less premiums ceded to reinsurers. Upon inception of a contract, premiums are recorded as written and are earned on a pro rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included as a liability in the accompanying statement of financial position.

Claims paid and the change in reserves for claims and claims' adjustment expenses are charged to the statement of profit or loss as incurred through the reassessment of the reserves for claims and claims' adjustments expenses.

Commissions earned on ceded reinsurance contracts are recorded in the statement of profit or loss at the date the reinsurance contract is signed and deemed enforceable.

Acquisition costs, comprising commissions paid to insurance agents and brokers, which vary and are directly related to the production of new business, are deferred and recorded in the accompanying statement of financial position and are amortized over the period in which the related written premiums are earned.

### **Investment income and other income**

Investment income includes interest income and expense for all financial instruments recognized on an accrual basis calculated using the effective interest method. Fees, commission and other income and expenses are generally recognized on an accrual basis per the applicable contract.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

Investment income also includes net gain/(loss) on financial assets and other financial assets measured at FVTPL and dividend income. Net gain/(loss) on financial assets and other financial assets measured at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
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## 3. Adoption of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the following new and revised Standards and Interpretations have been adopted and have not affected the amounts reported in these financial statements.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 introduces a five-step model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. However, the standard is not applied to income related to insurance contracts and financial instruments and, therefore, did not affect most of the Company's revenues. As a result, the application of this standard did not have a significant impact on the Company's financial statements.

### **IFRS 9 Financial Instruments**

The Company used the exemption and defer the application of IFRS 9 provided for organizations issuing the insurance contracts under IFRS 17, and will apply the new standard, recognizing the cumulative effect of the transition in retained earnings as at 1 January 2021 and will not recalculate the comparative information. The management does not anticipate that the application of IFRS 9 will have a significant impact on the Company's financial statements.

### **IFRIC 22 and IFRIC 23**

The application of IFRIC 22 *Foreign Currency Transactions and Advance Consideration* and IFRIC 23 *Uncertainty Over Income Tax Treatments* has had no significant impact on the Company's financial statements.

### **New and revised IFRSs in issue but not yet effective**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 16 Leases;
- IFRS 17 Insurance Contracts;
- Annual Improvements to IFRS Standards 2015-2017 Cycle - IAS 12 Income Taxes;
- Amendments to IAS 1 and IAS 8 Definition to Material.

### **IFRS 16 Leases**

#### **General impact of application of IFRS 16 Leases**

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases and the related Interpretations* when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

#### **Impact of the new definition of a lease**

The Company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Company will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

### Impact on Lessee Accounting

*Operating leases:* IFRS 16 will change how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Company will:

- (a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- (c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Furthermore, extensive disclosures are required by IFRS 16.

The management of the Company anticipates that the application of IFRS 16 in the future may not have a significant impact on amounts reported in respect of the Company's assets and liabilities.

### **IFRS 17 Insurance Contracts**

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty; it takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The management of the Company plans to start to assess impact of IFRS 17 in 2019.

### Annual Improvements to IFRS Standards, 2015-2017 Cycle

**IAS 12 Income Taxes.** The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted. The management of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

### Amendments to IAS 1 and IAS 8 Definition to Material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards.

The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted. Earlier application is permitted. The management of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

## 4. Restatement and reclassification

### Restatement

When preparing the financial statements for the year ended 31 December 2018, the Company's Management identified an error in its issued financial statements for the year ended 31 December 2017.

During 2017, upon signing a short-term lease agreement, the Company transferred an owner-occupied building into investment property category. As a result, the revaluation surplus in the amount of KZT 239,801 thousand included in Property revaluation reserve line within equity, was transferred directly to the retained earnings. Also, in 2017 impairment loss on building was recognised in the amount of KZT 146,330 thousand, that was presented in Other operating income, net. Under IAS 16, Property, plant and equipment, revaluation surplus may be transferred to retained earnings only when the asset is derecognised, i.e. upon its retirement or disposal. The Management has concluded that this error should be corrected retrospectively, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The effect on the financial statements for the year ended 31 December 2017 is as follows:

Statement of Financial Position line item	31 December 2017 As previously reported	Adjustment	31 December 2017 As restated
Property revaluation reserve	97,931	93,471	191,402
Retained earnings	2,124,419	(93,471)	2,030,948



# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

Statement of Profit or Loss line item	31 December 2017 As previously reported	Adjustment	31 December 2017 As restated
Other operating income, net	(134,896)	146,330	11,434
Other income	441,330	146,330	587,660
Profit before income tax	208,849	146,330	355,179
Net profit	196,967	146,330	343,297

### Reclassification

The Company has made a voluntary reclassification to the financial statements as at 31 December 2017 to bring it in line with the presentation as at 31 December 2018, as it provides a better information of the financial position of the Company. The effect of the reclassification is as follows:

	31 December 2017 As previously reported	Reclassificatio n amount	31 December 2017 As reclassified
Repurchase agreements	-	1,122,348	1,122,348
Other liabilities	1,270,329	(1,122,348)	147,981

## 5. Cash and cash equivalents

	31 December 2018	31 December 2017
Balances with banks in Kazakhstani Tenge	69,857	1,412,868
Balances with banks in foreign currencies	26,773	8,512
Cash on hand	11,462	51,075
Balances with JSC Central Securities Depository	1,604	71
<b>Total cash and cash equivalents</b>	<b>109,696</b>	<b>1,472,526</b>

As at 31 December 2017, balances with banks in Kazakhstani Tenge included accrued interest in the amount of KZT 15,907 thousand.

Cash and cash equivalents for the purposes of the statement of cash flows are comprised of the following:

	31 December 2018	31 December 2017
Reverse repurchase agreements	703,366	753,729
Balances with banks in Kazakhstani Tenge	69,857	1,412,868
Balances with banks in foreign currencies	26,773	8,512
Cash on hand	11,462	51,075
Balances with JSC Central Securities Depository	1,604	71
<b>Total cash and cash equivalents</b>	<b>813,062</b>	<b>2,226,255</b>

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

Fair value and carrying value of the reverse repurchase agreements as at 31 December 2018 and 2017 comprise:

	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Kazakhstani corporate shares	389,553	559,944	-	-
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	313,813	320,147	55,278	56,297
Notes of the NBK	-	-	698,451	718,955
	<b>703,366</b>	<b>880,091</b>	<b>753,729</b>	<b>775,252</b>

As at 31 December 2018 and 2017, reverse repurchase agreements included accrued interest in the amount of KZT 2,358 thousand and KZT 1,729 thousand, respectively.

## 6. Due from banks

	31 December 2018	31 December 2017
Long-term deposits	158,112	-
Short-term deposits	-	1,049,050
<b>Total due from banks</b>	<b>158,112</b>	<b>1,049,050</b>

As at 31 December 2018 and 2017, due from banks included accrued interest in the amount of KZT 1,112 thousand and KZT 66,572 thousand, respectively.

As at 31 December 2018 and 2017, no impairment was recognized on due from banks.

## 7. Financial assets at fair value through profit or loss

	31 December 2018	31 December 2017
Debt securities	3,627,858	2,945,413
Equity securities	109,258	66,179
<b>Total financial assets at fair value through profit or loss</b>	<b>3,737,116</b>	<b>3,011,592</b>

	Interest to nominal	31 December 2018	Interest to nominal	31 December 2017
<b>Debt securities:</b>				
Corporate bonds	4.00%-15.00%	1,574,708	4.00%-15.00%	1,076,494
Bonds of Kazakhstani banks	4.13%-15.00%	1,006,836	6.00%-15.00%	880,606
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	3.88%-8.99%	819,100	3.88%-8.99%	988,313
Bonds of foreign countries	1.63%	227,214	-	-
		<b>3,627,858</b>		<b>2,945,413</b>

	Ownership interest, %	31 December 2018	Ownership interest, %	31 December 2017
<b>Equity securities:</b>				
Kazakhstani corporate shares	*	109,258	*	66,179
		<b>109,258</b>		<b>66,179</b>

\* - Ownership share is less than 0.01%.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

As at 31 December 2018 and 2017, financial assets at fair value through profit or loss included accrued interest in the amount of KZT 72,491 thousand and KZT 63,203 thousand, respectively.

### 8. Investments available-for-sale

	31 December 2018	31 December 2017
Debt securities:	808,610	-
Equity securities:	17,666	181,542
<b>Total investments available-for-sale</b>	<b>826,276</b>	<b>181,542</b>

	Interest to nominal	31 December 2018	Interest to nominal	31 December 2017
<b>Debt securities:</b>				
Bonds of Kazakhstani banks	5.50%-11.00%	500,710	-	-
Bonds of foreign financial organizations	8.30%	307,900	-	-
		<b>808,610</b>		-

	Ownership interest	31 December 2018	Ownership interest	31 December 2017
<b>Equity securities:</b>				
Kazakhstani corporate shares	0.01%	17,666	0.01%-0.05%	181,542
		<b>17,666</b>		<b>181,542</b>

As at 31 December 2018 and 2017, investments available-for-sale included accrued interest in the amount of KZT 12,307 thousand and KZT Nil, respectively.

As at 31 December 2018 and 2017, investments available-for-sale include equities that are not actively traded, as such these investments are carried at cost, less impairment, if any.

The analysis of changes of provision for impairment losses for the years ended 31 December 2018 and 2017, is presented in the table below:

	2018	2017
<b>Balance at the beginning of the year</b>	<b>73,425</b>	<b>73,425</b>
Recovery of provision	(5,266)	-
<b>Balance at the end of the year</b>	<b>68,159</b>	<b>73,425</b>

### 9. Investments held-to-maturity

As at 31 December 2018 and 2017, investments held-to-maturity included bonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 250,140 thousand and KZT 248,416 thousand, respectively with interest rates from 5.80% to 8.20%.

As at 31 December 2018 and 2017, investments held-to-maturity included accrued interest in the amount of KZT 9,517 thousand.



# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

## 10. Insurance and reinsurance premium receivable

	31 December 2018	31 December 2017
Amounts due from policyholders	774,218	611,693
Amounts due from reinsured	5,254	27,389
	<b>779,472</b>	<b>639,082</b>
Less: allowance for impairment losses (Note 26)	(62,196)	(60,629)
<b>Total insurance and reinsurance premium receivable</b>	<b>717,276</b>	<b>578,453</b>

## 11. Other insurance and reinsurance receivable

	31 December 2018	31 December 2017
Claims to insurers	57,595	37,648
Receivable from recourses and subrogation	21,411	19,311
Claims to reinsurers	12,962	30,878
Other insurance accounts receivable	126	-
	<b>92,094</b>	<b>87,837</b>
Less: allowance for impairment losses (Note 26)	(1,338)	(1,025)
<b>Total other insurance and reinsurance receivable</b>	<b>90,756</b>	<b>86,812</b>

## 12. Deferred acquisition costs

Deferred acquisition costs are a part of deferred acquisition costs of the Company for the future periods and in the same proportion as ratio of unearned premiums reserve to gross insurance premiums written under each insurance contract. The amount of deferred acquisition costs is calculated in accordance with the term of each insurance contract. Deferred acquisition costs are subject to amortization by even allocation to the reporting period expenses over the term of the insurance contract.

As at 31 December 2018 and 2017, deferred acquisition costs amounted to KZT 681,699 thousand and KZT 530,357 thousand, respectively.

## 13. Unearned premiums reserve

	31 December 2018	31 December 2017	Change in unearned premiums reserve
Unearned premiums reserve, gross (Note 20)	2,727,238	2,475,786	251,452
Unearned premiums reserve, reinsurers' share (Note 20)	(289,373)	(428,559)	139,186
<b>Unearned premiums reserve, net of reinsurers' share</b>	<b>2,437,865</b>	<b>2,047,227</b>	<b>390,638</b>

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

	31 December 2017	31 December 2016	Change in unearned premiums reserve
Unearned premiums reserve, gross (Note 20)	2,475,786	3,753,843	(1,278,057)
Unearned premiums reserve, reinsurers' share (Note 20)	(428,559)	(1,602,996)	1,174,437
<b>Unearned premiums reserve, net of reinsurers' share</b>	<b>2,047,227</b>	<b>2,150,847</b>	<b>(103,620)</b>

## 14. Reserves for claims and claims' adjustment expenses

The movements in reserves for claims and claims' adjustment expenses during 2018 and 2017 were as follows:

	2018	2017
<b>As at beginning of the year</b>	<b>804,720</b>	<b>994,751</b>
Net change in reserve (Note 21)	121,902	(190,031)
<b>As at end of the year</b>	<b>926,622</b>	<b>804,720</b>

As at 31 December 2018 and 2017, reserves for claims and claims' adjustment expenses comprised of reserves for losses reported but not settled (RBNS) and the reserves for losses incurred but not reported (IBNR):

	IBNR	RBNS	31 December 2018 Total
Reserves for claims and claims' adjustment expenses, gross	277,257	923,872	1,201,129
Reinsurers' share in reserves	(38,576)	(235,931)	(274,507)
<b>Reserves for claims and claims' adjustment expenses, net of reinsurance</b>	<b>238,681</b>	<b>687,941</b>	<b>926,622</b>

	IBNR	RBNS	31 December 2017 Total
Reserves for claims and claims' adjustment expenses, gross	424,102	659,814	1,083,916
Reinsurers' share in reserves	(204,008)	(75,188)	(279,196)
<b>Reserves for claims and claims' adjustment expenses, net of reinsurance</b>	<b>220,094</b>	<b>584,626</b>	<b>804,720</b>

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

## 15. Property, equipment and intangible assets

	Land	Buildings	Vehicles	Machinery and equipment	Other fixed assets	Intangible assets	Total
<b>At initial/revalued cost</b>							
<b>As at 31 December 2016</b>	<b>35,316</b>	<b>610,215</b>	<b>93,153</b>	<b>80,489</b>	<b>91,329</b>	<b>34,566</b>	<b>945,068</b>
Additions	-	35,796	48,016	23,385	33,744	3,407	144,348
Revaluation	97,921	(146,320)	-	-	-	-	(48,399)
Disposals	-	(22,595)	(47,666)	(15,206)	(9,373)	-	(94,840)
<b>As at 31 December 2017</b>	<b>133,237</b>	<b>477,096</b>	<b>93,503</b>	<b>88,668</b>	<b>115,700</b>	<b>37,973</b>	<b>946,177</b>
Additions	-	-	60,191	28,124	10,123	17,765	116,203
Revaluation	40	(9,006)	-	-	-	-	(8,966)
Write-off at revaluation	-	(16,530)	-	-	-	-	(16,530)
Disposals	-	-	(44,368)	(8,235)	(11,740)	(8,742)	(73,085)
<b>As at 31 December 2018</b>	<b>133,277</b>	<b>451,560</b>	<b>109,326</b>	<b>108,557</b>	<b>114,083</b>	<b>46,996</b>	<b>963,799</b>
<b>Accumulated depreciation</b>							
<b>As at 31 December 2016</b>	<b>-</b>	<b>(3)</b>	<b>(28,112)</b>	<b>(48,052)</b>	<b>(36,017)</b>	<b>(19,176)</b>	<b>(131,360)</b>
Charge for the year	-	(24,242)	(20,846)	(18,615)	(15,268)	(4,431)	(83,402)
Disposals	-	22,592	3,190	13,302	9,428	-	48,512
<b>As at 31 December 2017</b>	<b>-</b>	<b>(1,653)</b>	<b>(45,768)</b>	<b>(53,365)</b>	<b>(41,857)</b>	<b>(23,607)</b>	<b>(166,250)</b>
Charge for the year	-	(19,740)	(22,881)	(21,315)	(17,991)	(9,507)	(91,434)
Write-off at revaluation	-	16,530	-	-	-	-	16,530
Disposals	-	-	7,912	7,877	7,884	8,742	32,415
<b>As at 31 December 2018</b>	<b>-</b>	<b>(4,863)</b>	<b>(60,737)</b>	<b>(66,803)</b>	<b>(51,964)</b>	<b>(24,372)</b>	<b>(208,739)</b>
<b>Net book value</b>							
<b>As at 31 December 2018</b>	<b>133,277</b>	<b>446,697</b>	<b>48,589</b>	<b>41,754</b>	<b>62,119</b>	<b>22,624</b>	<b>755,060</b>
<b>As at 31 December 2017</b>	<b>133,237</b>	<b>475,443</b>	<b>47,735</b>	<b>35,303</b>	<b>73,843</b>	<b>14,366</b>	<b>779,927</b>

As at 31 December 2018 and 2017, included in property and equipment were fully depreciated assets at cost of KZT 3,904 thousand and KZT 1,037 thousand, respectively.

Had the Company's land and buildings been measured on a historical cost basis, its carrying amount would have been KZT 88,522 thousand as at 31 December 2018 (31 December 2017: KZT 91,080 thousand).

The fair value of the buildings and land was determined based on a market-based comparative approach that reflects recent transaction prices for similar buildings, and this estimate is included in the Level 2 category.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

## 16. Other assets

	31 December 2018	31 December 2017
<b>Other financial assets:</b>		
Receivable from broker	8,632	-
Other receivables	82	502
	<b>8,714</b>	<b>502</b>
<b>Other non-financial assets:</b>		
Advances paid	69,607	64,430
Inventory	4,199	8,114
Prepaid taxes, other than income tax	125	154
Other	9,729	8,847
	<b>83,660</b>	<b>81,545</b>
Less: allowance for impairment loss (Note 26)	(13,965)	(16,220)
	<b>69,695</b>	<b>65,325</b>
<b>Total other assets</b>	<b>78,409</b>	<b>65,827</b>

Receivable from broker in the amount of KZT 8,632 thousand was fully paid on 3 January 2019.

## 17. Insurance and reinsurance payable

	31 December 2018	31 December 2017
Amounts payable to reinsurers	328,358	283,836
Amounts payable to agents and brokers	221,793	211,170
Claims payable to insured	21,855	17,374
Claims payable to reinsured	4,753	-
<b>Total insurance and reinsurance payable</b>	<b>576,759</b>	<b>512,380</b>

## 18. Other liabilities

	31 December 2018	31 December 2017
<b>Other financial liabilities:</b>		
Accounts payable for goods	25,460	17,751
Dividends payable	19,000	-
Payable to JSC Insurance Payments Guarantee Fund	4,542	1,684
Payable to employees	3,058	17,722
Rent payable	59	102
Other	569	483
	<b>52,688</b>	<b>37,742</b>
<b>Other non-financial liabilities:</b>		
Taxes payable, other than income tax	46,491	46,736
Accrued reserves for bonuses	35,564	9,578
Provision for unused vacation	32,116	41,644
Advances received	10,793	10,420
Deferred income	133	194
Other	301	1,667
	<b>125,398</b>	<b>110,239</b>
<b>Total other liabilities</b>	<b>178,086</b>	<b>147,981</b>

# Joint Stock Company "Insurance Company "Amanat"

**Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)**  
*(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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## **19. Equity**

### **Share capital**

As at 31 December 2018 and 2017, the share capital consisted of 1,930,000 ordinary shares, which were fully paid with total value of KZT 1,930,000 thousand. All shares are ranked equally and carry one vote each.

During the year ended 31 December 2018, the amount of dividends declared and paid by the Company amounted to KZT 183,360 thousand and KZT 164,360 thousand, respectively. During the year ended 31 December 2017, no dividends were declared nor paid.

### **Additional paid-in-capital**

In 2014, the Company recognized the difference between the fair value and the cost of property acquired from a related party in the amount of KZT 349,306 thousand as additional paid-in capital. In 2017, most of the building with adjacent land were let by the Company out for operating lease, so the Company has classified these assets as investment property and by decision of management wrote-off additional paid-in-capital.

### **Stabilization reserve**

Stabilization reserve is an equity reserve, which is accrued through the transfer from retained earnings to cover any unforeseen future losses of the Company, and calculated based on historical average ratio for unprofitable insurance lines of business. As at 31 December 2018 and 2017, the Company recognized a stabilization reserve in the amount of KZT 4,136 thousand and KZT 24,040 thousand, respectively, which is not distributable to the shareholder.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
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## 20. Premiums earned, net of reinsurance

Premiums earned, net of reinsurance, for the year ended 31 December 2018, comprise the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property	Financial insurance losses other vehicle	Air, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Total
Direct insurance premiums	742,944	1,605,857	841,049	102,489	1,948,815	334,614	273,382	103,833	5,952,983
Assumed reinsurance premiums	2,437	-	24,786	9,730	26,750	-	5,711	1,485	70,899
Written insurance premiums	745,381	1,605,857	865,835	112,219	1,975,565	334,614	279,093	105,318	6,023,882
Ceded reinsurance premiums	(92,986)	-	(353,030)	(90,497)	(403,892)	-	(184,684)	(29,713)	(1,154,802)
<b>Premiums written, net of reinsurance</b>	<b>652,395</b>	<b>1,605,857</b>	<b>512,805</b>	<b>21,722</b>	<b>1,571,673</b>	<b>334,614</b>	<b>94,409</b>	<b>75,605</b>	<b>4,869,080</b>
Change in unearned premiums reserve, gross	(34,396)	(332,342)	173,870	56,913	(125,357)	(4,934)	2,583	12,211	(251,452)
Change in unearned premiums reserve, reinsurers' share	(9,311)	-	(137,902)	4,645	10,325	-	(6,831)	(112)	(139,186)
<b>Change in unearned premiums reserve, net</b>	<b>(43,707)</b>	<b>(332,342)</b>	<b>35,968</b>	<b>61,558</b>	<b>(115,032)</b>	<b>(4,934)</b>	<b>(4,248)</b>	<b>12,099</b>	<b>(390,638)</b>
<b>Premiums earned, net of reinsurance</b>	<b>608,688</b>	<b>1,273,515</b>	<b>548,773</b>	<b>83,280</b>	<b>1,456,641</b>	<b>329,680</b>	<b>90,161</b>	<b>87,704</b>	<b>4,478,442</b>

\* - Other includes the following lines of business: Accident insurance and Environmental insurance.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

Premiums earned, net of reinsurance, for the year ended 31 December 2017, comprise the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property	Financial losses other insurance	Air, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Total
Direct insurance premiums	3,066,297	1,051,965	2,121,409	204,511	1,674,453	219,165	290,008	203,633	8,831,441
Assumed reinsurance premiums	3,622	-	36,708	5,702	56,131	-	6,255	1,800	110,218
Written insurance premiums	3,069,919	1,051,965	2,158,117	210,213	1,730,584	219,165	296,263	205,433	8,941,659
Ceded reinsurance premiums	(2,496,960)	-	(1,414,848)	(74,222)	(513,128)	(344)	(193,481)	(103,243)	(4,796,226)
<b>Premiums written, net of reinsurance</b>	<b>572,959</b>	<b>1,051,965</b>	<b>743,269</b>	<b>135,991</b>	<b>1,217,456</b>	<b>218,821</b>	<b>102,782</b>	<b>102,190</b>	<b>4,145,433</b>
Change in unearned premiums reserve, gross	1,149,438	140,222	(29,868)	138,063	(133,867)	12,624	(8,511)	9,956	1,278,057
Change in unearned premiums reserve, reinsurers' share	(1,108,369)	-	(138,829)	1,085	72,507	(4,443)	5,213	(1,901)	(1,174,437)
<b>Change in unearned premiums reserve, net</b>	<b>41,369</b>	<b>140,222</b>	<b>(168,697)</b>	<b>139,148</b>	<b>(61,360)</b>	<b>8,181</b>	<b>(3,298)</b>	<b>8,055</b>	<b>103,620</b>
<b>Premiums earned, net of reinsurance</b>	<b>614,328</b>	<b>1,192,187</b>	<b>574,572</b>	<b>275,139</b>	<b>1,156,096</b>	<b>227,002</b>	<b>99,484</b>	<b>110,245</b>	<b>4,249,053</b>

\* - Other includes the following lines of business: Accident insurance and Environmental insurance.



# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
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## 21. Claims incurred, net of reinsurance

Claims incurred, net of reinsurance, for the year ended 31 December 2018, comprise the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property insurance	Financial losses of the other employer	Air, water, railway and the other vehicle insurance	Medical insurance	Cargo	Other*	Total
Claims paid on insurance	(44,585)	(475,501)	(495,094)	(9,885)	(557,120)	(77,329)	(30,884)	(11,545)	(1,701,943)
Claims paid on assumed reinsurance	(44,103)	-	(16,107)	(6,067)	(46,304)	-	-	(210)	(112,791)
Claims paid, gross	(88,688)	(475,501)	(511,201)	(15,952)	(603,424)	(77,329)	(30,884)	(11,755)	(1,814,734)
Claims paid, reinsurers' share	129	-	400,665	6,514	4,891	-	33,240	-	445,439
<b>Claims paid, net</b>	<b>(88,559)</b>	<b>(475,501)</b>	<b>(110,536)</b>	<b>(9,438)</b>	<b>(598,533)</b>	<b>(77,329)</b>	<b>2,356</b>	<b>(11,755)</b>	<b>(1,369,295)</b>
Change in reserves for claims and claims' adjustment expenses, gross	127,113	(114,272)	69,654	6,834	(182,368)	(31,042)	4,829	(3,430)	(117,213)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	(117,657)	-	(44,537)	286	164,959	-	(4,121)	(3,619)	(4,689)
<b>Net change in reserves for claims and claims' adjustment expenses</b>	<b>9,456</b>	<b>(114,272)</b>	<b>25,117</b>	<b>5,755</b>	<b>(17,409)</b>	<b>(31,042)</b>	<b>708</b>	<b>(7,049)</b>	<b>(121,902)</b>
<b>Claims incurred, net of reinsurance</b>	<b>(79,103)</b>	<b>(589,773)</b>	<b>(85,419)</b>	<b>5,755</b>	<b>(615,942)</b>	<b>(108,371)</b>	<b>3,064</b>	<b>(18,804)</b>	<b>(1,491,197)</b>

\* - Other includes the following lines of business: Accident insurance and Environmental insurance.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

Claims incurred, net of reinsurance, for the year ended 31 December 2017, comprise the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property insurance	Financial losses insurance	Compulsory insurance of civil liability of the employer	Air, water, railway and the other vehicle insurance	Medical insurance	Cargo	Other*	Total
Claims paid on insurance	(245,902)	(473,302)	(68,544)	(215)	(47,638)	(604,338)	(48,331)	(26,987)	(29,744)	(1,545,001)
Claims paid on assumed reinsurance	(77)	-	(2,048)	-	(30,351)	-	-	-	-	(32,476)
Claims paid, gross	(245,979)	(473,302)	(70,592)	(215)	(77,989)	(604,338)	(48,331)	(26,987)	(29,744)	(1,577,477)
Claims paid, reinsurers' share	140	-	47,359	-	34,887	10,025	-	27,528	17,771	137,710
<b>Claims paid, net</b>	<b>(245,839)</b>	<b>(473,302)</b>	<b>(23,233)</b>	<b>(215)</b>	<b>(43,102)</b>	<b>(594,313)</b>	<b>(48,331)</b>	<b>541</b>	<b>(11,973)</b>	<b>(1,439,767)</b>
Change in reserves for claims and claims' adjustment expenses, gross	173,974	121,434	(75,130)	(54,158)	104,753	30,378	(9,068)	(5,350)	28,978	315,811
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	(22,634)	-	47,399	1,279	(119,293)	7,618	12	(10,874)	(29,287)	(125,780)
<b>Net change in reserves for claims and claims' adjustment expenses</b>	<b>151,340</b>	<b>121,434</b>	<b>(27,731)</b>	<b>(52,879)</b>	<b>(14,540)</b>	<b>37,996</b>	<b>(9,056)</b>	<b>(16,224)</b>	<b>(309)</b>	<b>190,031</b>
<b>Claims incurred, net of reinsurance</b>	<b>(94,499)</b>	<b>(351,868)</b>	<b>(50,964)</b>	<b>(53,094)</b>	<b>(57,642)</b>	<b>(556,317)</b>	<b>(57,387)</b>	<b>(15,683)</b>	<b>(12,282)</b>	<b>(1,249,736)</b>

\* - Other includes the following lines of business: Accident Insurance and Environmental Insurance.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
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## 22. Net commission expense

Net commission expense for the year ended 31 December 2018, comprises the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property insurance	Financial losses insurance	Airway, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Total
Commission income	2,203	-	1,167	16,144	9,271	-	44,617	984	74,386
Commission expense	(165,556)	(321,601)	(231,600)	(20,926)	(329,380)	(110,521)	(35,923)	(24,388)	(1,239,895)
<b>Net commission expense</b>	<b>(163,353)</b>	<b>(321,601)</b>	<b>(230,433)</b>	<b>(4,782)</b>	<b>(320,109)</b>	<b>(110,521)</b>	<b>8,694</b>	<b>(23,404)</b>	<b>(1,165,509)</b>

\* - Other includes the following lines of business: Accident insurance and Environmental insurance.

Net commission expense for the year ended 31 December 2017, comprises the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property insurance	Financial losses insurance	Airway, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Total
Commission income	(5,379)	-	2,746	12,613	(711)	-	42,809	856	52,934
Commission expense	(170,798)	(109,050)	(265,260)	(18,791)	(300,870)	(104,265)	(41,635)	(24,992)	(1,036,161)
<b>Net commission expense</b>	<b>(176,177)</b>	<b>(109,050)</b>	<b>(263,014)</b>	<b>(6,178)</b>	<b>(301,581)</b>	<b>(104,265)</b>	<b>1,174</b>	<b>(24,136)</b>	<b>(983,227)</b>

\* - Other includes the following lines of business: Accident insurance and Environmental insurance.

For the year ended 31 December 2017, commission income under "Civil responsibility for indemnification" and "Airway, water, railway and other vehicle insurance" lines of business was negative due to termination of reinsurance agreements.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

## 23. Investment income, net

	Year ended 31 December 2018	Year ended 31 December 2017
Interest income	508,114	510,144
Interest expense	(11,187)	(14,838)
Recovery of provision for impairment losses on investments available- for-sale (Note 8)	5,266	-
Dividend income	5,048	1,280
Unrealized gain on financial assets at fair value through profit or loss	3,204	49,877
Realized gain on financial assets at fair value through profit or loss	3,090	29,763
<b>Total investment income, net</b>	<b>513,535</b>	<b>576,226</b>
	Year ended 31 December 2018	Year ended 31 December 2017
<b>Interest income comprised:</b>		
Interest income on financial assets at fair value through profit or loss	297,019	239,852
Interest income on financial assets recorded at amortized cost: - interest income on unimpaired financial assets	211,095	270,292
	<b>508,114</b>	<b>510,144</b>
<b>Interest income on financial assets recorded at amortized cost comprises:</b>		
Interest on reverse repurchase agreements	99,186	60,096
Interest on due from banks	80,330	172,305
Interest on investments held-to-maturity	19,274	18,844
Interest on current accounts	12,305	19,047
	<b>211,095</b>	<b>270,292</b>
<b>Interest expense comprised:</b>		
Interest on repurchase agreements	(11,187)	(14,838)
	<b>(11,187)</b>	<b>(14,838)</b>

For the years ended 31 December 2018 and 2017, there was no interest income on impaired financial assets.

## 24. Other operating income, net

	Year ended 31 December 2018	Year ended 31 December 2017
Income on operating lease	20,527	4,350
Loss from disposal of property and equipment	(29,580)	(32,545)
Other	50,174	39,629
<b>Total other operating income, net</b>	<b>41,121</b>	<b>11,434</b>

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
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## 25. Administrative and operating expenses

	Year ended 31 December 2018	Year ended 31 December 2017
Rent expense	235,933	268,454
Transportation expense	87,607	66,296
Professional services	72,322	35,696
Stationery	58,037	37,616
Advertising expenses	48,705	33,547
Utilities	39,911	35,604
Business trip expenses	39,377	36,547
Taxes, other than income tax	27,904	14,073
Representative expenses	27,676	13,166
Communication expenses	26,610	23,273
Repair and maintenance of property and equipment	24,056	19,950
Bank services and charges	16,751	15,565
Payments to JSC Insurance Payments Guarantee Fund	14,210	8,624
Staff training	13,634	7,873
Membership fee	11,182	10,545
Postal services	9,592	11,110
Insurance expenses	8,686	8,574
Fines and penalties	6,122	25,804
Security expenses	1,294	1,461
Other	13,317	41,986
<b>Total administrative and operating expenses</b>	<b>782,926</b>	<b>715,764</b>

## 26. Provision for impairment losses on other operations

	Insurance and reinsurance premium receivable (Note 10)	Other insurance and reinsurance receivable (Note 11)	Other assets (Note 16)	Total
<b>31 December 2016</b>	<b>63,301</b>	<b>1,660</b>	<b>10,844</b>	<b>75,805</b>
Provision recognized	70,083	1,840	28,062	99,985
Recovery of provision	(70,302)	(1,840)	(21,132)	(93,274)
Write-off of assets	(2,453)	(635)	(1,554)	(4,642)
<b>31 December 2017</b>	<b>60,629</b>	<b>1,025</b>	<b>16,220</b>	<b>77,874</b>
Provision recognized	114,077	7,279	20,360	141,716
Recovery of provision	(94,749)	(6,966)	(17,660)	(119,375)
Write-off of assets	(17,761)	-	(4,955)	(22,716)
<b>31 December 2018</b>	<b>62,196</b>	<b>1,338</b>	<b>13,965</b>	<b>77,499</b>

## 27. Net gain/(loss) on foreign exchange operations

	Year ended 31 December 2018	Year ended 31 December 2017
Unrealised gain/(loss)	180,948	(9,731)
Dealing, net	4,350	(9,930)
<b>Total net gain/(loss) on foreign exchange operations</b>	<b>185,298</b>	<b>(19,661)</b>



# Joint Stock Company "Insurance Company "Amanat"

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2018 (Continued)**  
*(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

## 28. Income taxes

The Company performs its tax calculation on the basis of tax regulations in accordance with the legislation of the Republic of Kazakhstan, which can differ from IFRS.

The Company's permanent tax differences arise mainly due to non-tax deductibility of certain expenses and a tax free regime for certain income. Income on state and other qualifying securities on stock exchange is tax exempt.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. As at 31 December 2018 and 2017, temporary differences relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2018 and 2017 comprise:

	31 December 2018	31 December 2017
<b>Deductible temporary differences:</b>		
Provision for impairment losses	145,656	151,298
Tax losses carried forward	138,441	1,049
Accrued reserves for bonuses	35,564	9,578
Provision for unused vacation	32,116	41,644
Other payable	22,756	17,016
<b>Total deductible temporary differences</b>	<b>374,533</b>	<b>220,585</b>
<b>Taxable temporary differences:</b>		
Property, equipment and intangible assets	(153,995)	(135,215)
<b>Total taxable temporary differences</b>	<b>(153,995)</b>	<b>(135,215)</b>
<b>Net deductible temporary differences</b>	<b>220,538</b>	<b>85,370</b>
Deferred tax assets at the statutory rate 20%	44,108	17,074
Deferred tax asset not recognised	(27,688)	(210)
<b>Net deferred income tax assets</b>	<b>16,420</b>	<b>16,864</b>

Movement of deferred tax assets for the years ended 31 December 2018 and 2017 was as follows:

	2018	2017
<b>Beginning of the year</b>	<b>16,864</b>	<b>2,900</b>
Deferred income tax benefit recognized in:		
Statement of profit or loss	(444)	13,964
<b>End of the year</b>	<b>16,420</b>	<b>16,864</b>

Relationships between tax expenses and taxable income for the years ended 31 December 2018 and 2017 are explained as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
<b>Profit before income tax</b>	<b>77,143</b>	<b>355,179</b>
Tax at statutory tax rate (20%)	15,429	71,036
Tax effect of non-deductible expenses/(non-taxable income):		
Non-taxable income on government and listing securities	(79,540)	(105,749)
Non-taxable dividend income	(1,010)	(256)
Other non-deductible expense:	37,877	45,303
Withholding tax	12,050	25,846
Effect of tax losses	27,688	(24,298)
<b>Income tax expense</b>	<b>12,494</b>	<b>11,882</b>

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

	Year ended 31 December 2018	Year ended 31 December 2017
Deferred income tax expense/(benefit)	444	(13,964)
Withholding tax expense	12,050	25,846
<b>Income tax expense</b>	<b>12,494</b>	<b>11,882</b>

## 29. Earnings per share

Basic and diluted earnings per share are calculated by dividing net profit for the year attributable to equity holders by the weighted average number of participating shares outstanding during the year.

	Year ended 31 December 2018	Year ended 31 December 2017
Net profit	64,649	343,297
Weighted average number of ordinary shares for purposes of basic and diluted earnings per share	1,930,000	1,601,233
<b>Earnings per share – basic and diluted (KZT)</b>	<b>33.50</b>	<b>214.40</b>

As at 31 December 2018 and 2017, the book value of one ordinary share, calculated in accordance with the methodology provided by KASE, amounted to KZT 2,085 and KZT 2,156, respectively.

## 30. Commitments and contingencies

### Legal proceedings

From time to time and in the normal course of business, claims against the Company are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred by the Company and accordingly no provision has been made in these financial statements.

### Taxation

Kazakhstani commercial and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective in nature. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest.

The Management of the Company believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

### Pensions and retirement plans

Employees of the Company receive pension benefits from pension fund except for the agents working under the agency contracts in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2018 and 2017, the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

# Joint Stock Company "Insurance Company "Amanat"

**Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)**  
*(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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## **Operating leases**

As at 31 December 2018 and 2017, where the Company is lessee, the future minimum lease payments under non-cancellable operating leases within one year are KZT 138,473 thousand and KZT 163,651 thousand, respectively.

## **Capital commitments**

As at 31 December 2018 and 2017, the Company did not have any significant capital commitments.

## **Operating environment**

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly, and tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Management of the Company is monitoring developments in the current environment and taking measures it consider necessary in order to support the sustainability and development of the Company's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Company is difficult to determine.

## **31. Transactions with related parties**

Related parties or transactions with related parties, as defined by IAS 24 *Related party disclosures* include the following.

Other related parties are represented by the entities where the shareholder of the Company also has a stake in.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions outstanding as at 31 December 2018 and 2017 with related parties:

	31 December 2018		31 December 2017	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Unearned premiums reserve, reinsurer's share	38,116	289,373	40,020	428,559
- other related parties	37,910		40,020	
- key management personnel of the Company	206		-	
Reserves for claims and claims' adjustment expenses, reinsurers' share	3,059	274,507	96,679	279,196
- other related parties	3,020		96,619	
- key management personnel of the Company	39		28	
- shareholder	-		32	
Other assets	298	78,409	392	65,827
- key management personnel of the Company	258		-	
- other related parties	40		392	
Unearned premiums reserve	67,070	2,727,238	55,757	2,475,786
- other related parties	65,658		55,322	
- key management personnel of the Company	1,395		417	
- shareholder	17		18	
Reserves for claims and claims' adjustment expenses	8,279	1,201,129	104,365	1,083,916
- other related parties	7,665		103,110	
- key management personnel of the Company	614		566	
- shareholder	-		689	
Other liabilities	37,578	178,086	10,561	147,981
- key management personnel of the Company	18,578		8,548	
- shareholder	19,000		2,013	

As at 31 December 2018 and 2017, there was not any impairment against related party balances.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

Included in the statement of profit or loss for the years ended 31 December 2018 and 2017 are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2018		Year ended 31 December 2017	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Written insurance premiums	121,648	6,023,882	2,375,559	8,941,659
- other related parties	118,774		2,330,892	
- key management personnel of the Company	3,122		2,269	
- shareholder	(248)		42,398	
Change in unearned premiums reserve, net	(13,217)	(390,638)	29,720	103,620
- other related parties	(12,446)		(74)	
- key management personnel of the Company	(772)		962	
- shareholder	1		28,832	
Claims paid, gross	(5,027)	(1,814,734)	(1,783)	(1,577,477)
- other related parties	(4,551)		(1,384)	
- key management personnel of the Company	(476)		(399)	
Change in reserves for claims and claims' adjustment expenses, gross	(93,620)	(117,213)	87,967	315,811
- other related parties	(93,599)		88,048	
- key management personnel of the Company	11		5	
- shareholder	(32)		(86)	
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	96,086	(4,689)	88,654	(125,780)
- other related parties	95,445		90,667	
- key management personnel of the Company	(48)		407	
- shareholder	689		(2,420)	
Salaries and benefits	(208,920)	(1,587,846)	(215,077)	(1,423,033)
- key management personnel of the Company	(199,704)		(203,966)	
- shareholder	(9,216)		(11,111)	

Salaries and benefits paid to key management personnel represent short-term compensation.

## 32. Segment reporting

The Company discloses information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 *Operating segments* and other standards that require special disclosures in the form of segmental reporting. The Company's primary format for reporting segment information is business segments and the secondary format is geographical segments.

The Company's format for the reporting segment information is based on lines of business of the Company, which is the basis of the analysis provided internally to the chief operating decision maker.



# Joint Stock Company "Insurance Company "Amanat"

**Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)**  
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## Business segments

The Company is organized on the basis of lines of business. Income and expense related to the major business of the Company by business segments are disclosure in Note 20. Assets and liabilities of the Company as well as other income and expense cannot be allocated to any specific lines of business and are not regularly provided to the chief operating decisions maker. Accordingly, this information was not disclosed in the financial statements of the Company.

There are no material items of income or expense between the business segments.

## Geographical segments

As at 31 December 2018 and 2017, financial assets and liabilities of the Company were concentrated in the Republic of Kazakhstan, except for insurance and reinsurance payable in OECD countries in the amount of KZT 213,271 thousand and KZT 132,109 thousand, respectively.

## 33. Fair value of financial instruments

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

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

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	31 December 2018	31 December 2017		
Financial assets at fair value through profit or loss (Note 7)	2,904,370	3,011,592	Level 1	Quoted bid prices in an active market.
Financial assets at fair value through profit or loss (Note 7)	832,746	-	Level 2	Quoted bid prices in a market that is not active.
Investments available-for-sale (Note 8)	808,610	-	Level 1	Quoted bid prices in an active market.
Buildings (Note 15)	446,697	475,443	Level 2	Based on the market comparable approach that reflects recent transaction prices for similar properties that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.
Land (Note 15)	133,277	133,237	Level 2	

As at 31 December 2018 and 2017, the equity securities classified as investments available-for-sale, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

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

The management considers that the carrying amounts of financial assets and financial liabilities with maturity of less than one year recognized in the financial statements approximate their fair values, due to short-term nature of financial instruments.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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### 34. Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholder through the optimization of the debt and equity balance. The Management Board reviews the capital structure on a monthly basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company balances its overall capital structure through the payment of dividends as well as new share issues.

The Company is subject to the regulatory requirements for the solvency margin set by the NBK. The Company is obliged to maintain the solvency margin normative not less than 1. As at 31 December 2018 and 2017, the Company's solvency margin was 1.54 and 1.73, respectively.

### 35. Risk management policies

Management of risk is fundamental to the insurance business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to underwriting risk, credit risk, market risk on movements in interest and foreign exchange rates, and liquidity risk. A summary of the Company's risk management policies in relation to those risks is as follows.

#### Underwriting policies

The Company establishes underwriting guidelines and limits, which stipulate the approval process for risks and their limits. These limits are being continuously monitored.

The Company's direct insurance business is spread throughout the Republic of Kazakhstan. The Company's reinsurance portfolio is diversified in terms of geographical spread and in terms of lines of business.

#### Reinsurance

In the normal course of business the Company enters into reinsurance agreements with Kazakhstani and foreign reinsurers. Reinsurance contracts do not relieve the Company from its obligations to policyholders. The Company evaluates the financial condition of its reinsurers and monitors the concentration of credit risks minimize its exposure to significant losses from reinsurer insolvencies.

#### Insurance reserves

The Company uses actuarial methods and assumptions in insurance and reinsurance liabilities estimations. Please, see Note 2 for actuarial methods for reserves for claims and claims' adjustment expenses calculation. The Company performs a run-off analysis of these reserves.

# Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements  
for the Year Ended 31 December 2018 (Continued)  
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## Analysis of trends in losses

The following table provides the cumulative estimation of claims reserve, including both reported and incurred, except for claims represented at each reporting date for each subsequent loss, together with cumulative payments to the present. Triangle of claims development presented for the last five years.

In establishing the reserves for claims, the Company considers the possibility and improper parameters of future experience, than it is proposed and takes precaution measures under substantial uncertainty. Generally, uncertainty concerned with the practice of losses final payments of accident year shall be the essential when the accident year shall be at the earliest stage and margin that is necessary for confidence provision of reserves amount reached its utmost point. While claims and final cost of claims become more evident, relative degree of supported margin must decrease. However, due to the uncertainty that was gained as the result of the estimation, total reserve of claims not always have the positive net balance.

Analysis of trends in losses (gross) as at 31 December:

31 December of corresponding year	2013	2014	2015	2016	2017	2018
Gross liability for unpaid claims and claims expenses (IBNR and RBNS)	407,123	427,951	1,295,894	1,399,727	1,083,916	1,201,129
Reinsurance amount to be reimbursed	(235,268)	(231,609)	(325,515)	(404,976)	(279,196)	(274,507)
<b>Net liability for unpaid claims and claims expenses (net IBNR and RBNS)</b>	<b>171,855</b>	<b>196,342</b>	<b>970,380</b>	<b>994,751</b>	<b>804,720</b>	<b>926,622</b>
Gross reserve for insurance cases incurred in corresponding year:						
<b>At the end of the year</b>	<b>377,853</b>	<b>404,122</b>	<b>1,128,535</b>	<b>999,794</b>	<b>820,068</b>	<b>933,402</b>
Paid claims (accrual basis) of insurance cases incurred in:						
One year later	272,017	350,546	432,460	386,041	259,642	-
Two years later	290,491	707,064	616,678	397,156	-	-
Three years later	388,192	741,157	669,949	-	-	-
Four years later	429,076	753,989	-	-	-	-
Five years later	439,614	-	-	-	-	-
<b>Current aggregated claims paid</b>	<b>439,614</b>	<b>753,989</b>	<b>669,949</b>	<b>397,156</b>	<b>259,642</b>	-
Gross reserve for insurance cases incurred in corresponding year:						
One year later	14,199	133,365	252,792	134,087	134,600	-
Two years later	26,350	93,676	115,414	113,559	-	-
Three years later	21,921	11,525	10,673	-	-	-
Four years later	1,315	2,352	-	-	-	-
Five years later	976	-	-	-	-	-
<b>Current estimate of accumulated claims</b>	<b>976</b>	<b>2,352</b>	<b>10,673</b>	<b>113,559</b>	<b>134,600</b>	-
Current (deficit)/surplus evaluation (accumulated)	(62,737)	(352,220)	447,914	489,079	425,826	-
Current (deficit)/surplus of initial reserve, %	(16.6%)	(87.2%)	39.7%	48.9%	32.0%	-

## Investment risks

The investment policy of the Company is based on levels of income and the Company's risk appetite at a point in time. The investment activities of Kazakhstani insurance companies are under the strict supervision of the NBK and the Company does not have permission to operate as a professional participant in capital markets, therefore the Company hires broker companies to perform investment operations.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

The investment portfolio of the Company comprises financial instruments that are chosen according to profitability rates, maturity and the risk level of the investment. The investment portfolio is diversified so as to provide equal income receipts during the investing period. Investment income is generally reinvested to increase the investment portfolio.

### Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one debtor, or groups of debtors and geographical segments. Such risks are monitored on a continuous basis and subject to an annual or more frequent assessment.

The Company regularly monitors the collectability of receivables from the insurance and reinsurance businesses. If receivables are impaired, impairment charges are recognized in the financial statements.

### Maximum exposure to credit risk

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

As at 31 December 2018 and 2017, the carrying value of financial assets best represents the maximum exposure to its credit risk.

Financial assets are graded according to the current credit rating they have been issued by international rating agencies. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets, which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Company:

				31 December 2018 Total
	<AAA	<BBB	Not rated	
Cash and cash equivalents	469	96,161	13,066	109,696
Reverse repurchase agreements	-	703,366	-	703,366
Due from banks	-	158,112	-	158,112
Financial assets at fair value through profit or loss	227,214	3,509,902	-	3,737,116
Investments available-for-sale	307,900	500,710	17,666	826,276
Investments held-to-maturity	-	250,140	-	250,140
Insurance and reinsurance premium receivable	-	9,020	708,256	717,276
Other insurance and reinsurance receivable	11,500	50,725	28,531	90,756
Other financial assets	-	8,632	82	8,714

				31 December 2017 Total
	AAA	<BBB	Not rated	
Cash and cash equivalents	298	1,421,082	51,146	1,472,526
Reverse repurchase agreement	-	753,729	-	753,729
Due from banks	-	1,049,050	-	1,049,050
Financial assets at fair value through profit and loss	-	3,011,592	-	3,011,592
Investments available-for-sale	-	-	181,542	181,542
Investments held-to-maturity	-	248,416	-	248,416
Insurance and reinsurance premium receivable	4,872	6,585	566,996	578,453
Other insurance and reinsurance receivable	27,579	27,006	32,227	86,812
Other financial assets	-	-	502	502

The insurance industry is generally exposed to credit risk through its financial instruments. Credit risk exposure of the Company is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Company's policy are not breached.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

The following table details the carrying value financial of assets before impairment:

	Neither past due nor impaired	Financial assets past due but not impaired				Financial assets that have been impaired	Total as at 31 December 2018
		0-3 months	3-6 months	6 months to 1 year	Greater than one year		
Cash and cash equivalents	109,696	-	-	-	-	-	109,696
Reverse repurchase agreement	703,366	-	-	-	-	-	703,366
Due from banks	158,112	-	-	-	-	-	158,112
Financial assets at fair value through profit or loss	3,737,116	-	-	-	-	-	3,737,116
Investments available-for-sale	826,276	-	-	-	-	68,159	894,435
Investments held-to-maturity	250,140	-	-	-	-	-	250,140
Insurance and reinsurance premium receivable	412,397	234,372	70,507	-	-	62,196	779,472
Other insurance and reinsurance receivable	77,705	13,051	-	-	-	-	90,756
Other financial assets	8,714	-	-	-	-	-	8,714

	Neither past due nor impaired	Financial assets past due but not impaired				Financial assets that have been impaired	Total as at 31 December 2017
		0-3 months	3-6 months	6 months to 1 year	Greater than one year		
Cash and cash equivalents	1,472,526	-	-	-	-	-	1,472,526
Reverse repurchase agreement	753,729	-	-	-	-	-	753,729
Due from banks	1,049,050	-	-	-	-	-	1,049,050
Financial assets at fair value through profit or loss	3,011,592	-	-	-	-	-	3,011,592
Investments available-for-sale	181,542	-	-	-	-	73,425	254,967
Investments held-to-maturity	248,416	-	-	-	-	-	248,416
Insurance and reinsurance premium receivable	398,026	108,574	71,853	-	-	60,629	539,082
Other insurance and reinsurance receivable	78,143	7,644	-	-	-	1,025	86,812
Other financial assets	502	-	-	-	-	-	502

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.



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## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

The Company manages liquidity risk through a Company's liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; setting up of contingency funding plans; specifies the sources of funding and the events that would trigger the plan; concentration of funding sources; reporting of liquidity risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence in the light of changing environment in which the Company operates. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the earliest of the contractual maturity date or available maturity date, except for financial assets at fair value through profit or loss which are included in the column "3 months to 1 year" as they are available to meet the Company's short-term liquidity needs.

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2018 Total
<b>FINANCIAL ASSETS:</b>								
Cash and cash equivalents		109,696	-	-	-	-	-	109,696
Reverse repurchase agreement	10.66%	703,366	-	-	-	-	-	703,366
Due from banks	10.00%	-	-	-	156,112	-	-	156,112
Financial assets at fair value through profit or loss	8.31%	9,914	43,248	3,683,954	-	-	-	3,737,116
Investments available-for- sale	7.79%	10,444	-	1,863	498,847	297,456	-	808,550
Investments held-to- maturity	7.08%	-	-	160,641	89,499	-	17,666	267,806
Insurance and reinsurance premium receivable		74,616	34,351	276,878	331,431	-	-	717,276
Other insurance and reinsurance receivable		24,179	19,072	27,780	16,186	3,539	-	80,756
Other financial assets		8,632	15	67	-	-	-	8,714
<b>Total financial assets</b>		<b>940,847</b>	<b>96,686</b>	<b>4,151,183</b>	<b>1,094,075</b>	<b>300,995</b>	<b>17,666</b>	<b>6,601,452</b>
<b>FINANCIAL LIABILITIES:</b>								
Insurance and reinsurance payable		44,730	87,928	444,301	-	-	-	576,959
Other financial liabilities		34,725	894	17,069	-	-	-	52,688
<b>Total financial liabilities</b>		<b>79,455</b>	<b>88,822</b>	<b>461,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629,447</b>
Liquidity gap		861,392	7,864	3,690,013	1,094,075	300,995	-	6,601,452
<b>Cumulative liquidity gap</b>		<b>861,392</b>	<b>869,256</b>	<b>4,559,269</b>	<b>5,653,344</b>	<b>5,954,339</b>	<b>-</b>	<b>6,601,452</b>

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2017 Total
<b>FINANCIAL ASSETS:</b>								
Cash and cash equivalents		1,472,526	-	-	-	-	-	1,472,526
Repurchase agreement	9.29%	753,729	-	-	-	-	-	753,729
Due from banks	12.82%	-	-	1,049,050	-	-	-	1,049,050
Financial assets at fair value through profit or loss	10.00%	-	-	3,011,592	-	-	-	3,011,592
Investments available-for- sale		-	-	-	-	-	181,542	181,542
Investments held-to- maturity	7.93%	-	-	-	248,416	-	-	248,416
Insurance and reinsurance premium receivable		449,133	57,467	71,853	-	-	-	578,453
Other insurance and reinsurance receivable		309	30,735	51,421	4,347	-	-	86,812
Other financial assets		-	-	502	-	-	-	502
<b>Total financial assets</b>		<b>2,675,697</b>	<b>88,202</b>	<b>4,184,418</b>	<b>252,763</b>	-	<b>181,542</b>	<b>7,382,622</b>
<b>FINANCIAL LIABILITIES:</b>								
Insurance and reinsurance payable		80,075	58,941	373,364	-	-	-	512,380
Repurchase agreement	11.91%	1,122,348	-	-	-	-	-	1,122,348
Other financial liabilities		19,991	11,551	6,200	-	-	-	37,742
<b>Total financial liabilities</b>		<b>1,222,414</b>	<b>70,492</b>	<b>379,564</b>	-	-	-	<b>1,672,470</b>
Liquidity gap		1,453,283	17,710	3,804,854	252,763	-	-	-
<b>Cumulative liquidity gap</b>		<b>1,453,283</b>	<b>1,470,993</b>	<b>5,275,847</b>	<b>5,528,610</b>	<b>5,528,610</b>	-	-

The Company does not include its Unearned premiums reserve (UPR), Reserves for losses reported but not settled (RBNS) and Reserves for losses incurred but not reported (IBNR) in its liquidity and maturity analysis, including reinsurance share, due to the realistic maturity of such balances being undeterminable. In addition, the actual liabilities may vary from the amount reserved and as such these amounts are not included in the table above.

Discounted liabilities presented in the tables above are the same as contractual undiscounted liabilities due to their short-term nature.

### Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in interest rates and assets and liabilities in foreign currencies, all of which are exposed to general and specific market movements. The Company manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin.

### Interest rate risk sensitivity

In the table below, interest rate sensitivity analysis is presented, which was done on the assumption of a 3% fluctuations in the variable rates as at 31 December 2018 and 2017. Management of the Company believes that in current economic conditions in the Republic of Kazakhstan, fluctuations of interest rates by 3% are possible. The calculations disclosed below are used in the internal reports and presented to the key management personnel of the Company. Only existing financial assets and liabilities are included in the computations.

Impact on net profit before income tax is presented below:

	As at 31 December 2018		As at 31 December 2017	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Impact on net profit before income tax	(213,073)	251,336	(116,268)	116,268

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

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### Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

	KZT	USD USD 1 = KZT 384.20	EUR EUR 1 = KZT 439.37	RUR RUR 1 = KZT 5.52	31 December 2018 Total
<b>FINANCIAL ASSETS:</b>					
Cash and cash equivalents	81,319	27,431	946	-	109,696
Reverse repurchase agreement	703,366	-	-	-	703,366
Due from banks	158,112	-	-	-	158,112
Financial assets at fair value through profit or loss	2,168,710	1,568,406	-	-	3,737,116
Investments available-for-sale	507,381	318,895	-	-	826,276
Investments held-to-maturity	250,140	-	-	-	250,140
Insurance and reinsurance premiums receivable	668,833	48,287	-	156	717,276
Other insurance and reinsurance receivable	90,756	-	-	-	90,756
Other financial assets	8,714	-	-	-	8,714
<b>TOTAL FINANCIAL ASSETS</b>	<b>4,637,331</b>	<b>1,963,019</b>	<b>946</b>	<b>156</b>	<b>6,601,452</b>
<b>FINANCIAL LIABILITIES:</b>					
Insurance and reinsurance payable	531,962	44,511	-	286	576,759
Other financial liabilities	52,688	-	-	-	52,688
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>584,650</b>	<b>44,511</b>	<b>-</b>	<b>286</b>	<b>629,447</b>
<b>OPEN BALANCE SHEET POSITION</b>	<b>4,052,681</b>	<b>1,918,508</b>	<b>946</b>	<b>(130)</b>	

	KZT	USD USD 1 = KZT 332.33	EUR EUR 1 = KZT 398.23	31 December 2017 Total
<b>FINANCIAL ASSETS:</b>				
Cash and cash equivalents	1,464,014	7,038	1,474	1,472,526
Reverse repurchase agreement	753,729	-	-	753,729
Due from banks	1,049,050	-	-	1,049,050
Financial assets at fair value through profit or loss	1,968,874	1,042,718	-	3,011,592
Investments available-for-sale	181,542	-	-	181,542
Investments held-to-maturity	248,416	-	-	248,416
Insurance and reinsurance premiums receivable	530,308	48,145	-	578,453
Other insurance and reinsurance receivable	86,812	-	-	86,812
Other financial assets	502	-	-	502
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,283,247</b>	<b>1,097,901</b>	<b>1,474</b>	<b>7,382,622</b>
<b>FINANCIAL LIABILITIES:</b>				
Insurance and reinsurance payable	457,696	54,684	-	512,380
Repurchase agreement	1,122,348	-	-	1,122,348
Other financial liabilities	36,748	-	994	37,742
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,616,792</b>	<b>54,684</b>	<b>994</b>	<b>1,672,470</b>
<b>OPEN BALANCE SHEET POSITION</b>	<b>4,666,455</b>	<b>1,043,217</b>	<b>480</b>	

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## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

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### Currency risk sensitivity

The following table details the Company's sensitivity to 20% increase and decrease in the USD, EUR and RUR against the KZT. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates of the KZT against the USD during the year ended 31 December 2018. These rates are the level of sensitivity analysis, which includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 20% change in foreign currency rates.

The 20% rate is applied due to the implementation of a new monetary policy based on a free-floating KZT exchange rate by the NBK.

As at 31 December 2018 and 2017, the impact on net profit and equity based on the open balance sheet position is as follows:

	31 December 2018		31 December 2017	
	KZT/USD +20%	KZT/USD -20%	KZT/USD +20%	KZT/USD -20%
Impact on net profit and equity	383,702	(383,702)	208,643	(208,643)

	31 December 2018		31 December 2017	
	KZT/EUR +20%	KZT/EUR -20%	KZT/EUR +20%	KZT/EUR -20%
Impact on net profit and equity	189	(189)	96	(96)

	31 December 2018		31 December 2017	
	KZT/RUR +20%	KZT/RUR -20%	KZT/RUR +20%	KZT/RUR -20%
Impact on net profit and equity	26	(26)	-	-

### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company is exposed to price risks of its products which are subject to general and specific market fluctuations.

	31 December 2018		31 December 2017	
	1% increase in equity securities price	1% decrease in equity securities price	1% increase in equity securities price	1% decrease in equity securities price
Impact on profit before income tax	1,093	(1,093)	29,484	(29,484)
Impact on equity	177	(177)	1,815	(1,815)

## 36. Events after the reporting period

At the date of signing the financial statements, Resolution No.13 of the NBK dated 31 January 2019 was adopted "On Approval of Requirements for Formation, Methods of Calculation of Insurance Reserves and Their Structure" ("the Resolution"), which recognizes the resolution of the Board of the NBK dated 6 May 2014 No.76 "On approval of requirements for the formation, the method of calculation of insurance reserves and their structure". The Management of the Company does not expect that the application of the new requirements to the formation and method of calculating insurance reserves will have a significant effect on the financial statements of the Company.

# Joint Stock Company "Insurance Company "Amanat"

## Notes to the Financial Statements for the Year Ended 31 December 2018 (Continued)

*(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

According to the Resolution, the possibility of calculating IBNR for the obligatory employer's liability (hereinafter – OEL) line of business using the Mac method is excluded. The IBNR of the OEL is defined as the sum of IBNR, determined by the chain ladder method or the Bornhutter-Ferguson method on the basis of paid or incurred losses, and the incurred but not fully reported (IBNFR) calculated by the beneficiaries to whom the insurance payment was made due to the establishment of the degree of occupational disability.

Changes have been made to the procedure for determining the average value of paid claims for a similar group of insured events in order to determine the size of the reported claim in the case that the insured (beneficiary) and the insurance (reinsurance) organization do not have sufficient information about the size of claim for the RBNS. In accordance with the new requirements, the average value of paid claims is determined as the highest value of the average value of paid claims for the previous financial year or two previous financial years. In case of the absence of sufficient information about claims paid, the RBNS is formed in an amount not less than the average market value of paid claims for the insurance class during the previous financial year or the previous two financial years, depending on which of the values is greater.

Changes have been made to the calculation of the reinsurer's share in the UPR, in particular, when calculating prudential standards, the premium under the reinsurance contract is taken into account with the exception of the commission fee to the assignor, insurance broker under the reinsurance (insurance) contract and other reimbursements, payments to insurance intermediaries and other persons from the reinsurer, not relating to insurance protection risks transferred to reinsurance. In the previous resolution, the premium on the reinsurance contract was taken into account, with the exception of the commission fee to the assignor under the reinsurance (insurance) contract and other reimbursements from the reinsurer that are not related to the insurance protection for risks transferred to reinsurance.