

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

Financial Statements and
Independent Auditors' Report
For the Year Ended 31 December 2019

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 2019

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 2019 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.

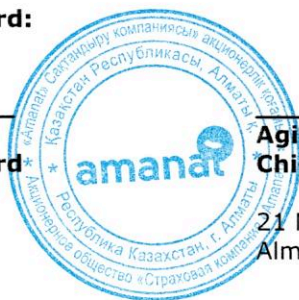
The financial statements for the year ended 31 December 2019 were approved by the Management Board of the Company on 21 May 2020.

On behalf of the Management Board:


Nurgaliyev E. B.
Chairman of the Management Board


Agibayeva D. K.
Chief Accountant

21 May 2020
Almaty, Kazakhstan



21 May 2020
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 2019, 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 2019, 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.

Key Audit Matter

Key audit matter is matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

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.

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. A range of statistical methods may be used to determine the reserves' value.

The valuation of reserves are dependent on the quality of the underlying data. It involves complex and subjective judgements in respect of the future events, both internal, as change in claims settlement, and external as change in legislation, impact of macroeconomic factors and other events, where small changes in the assumptions can materially affect the estimates (as disclosed in Note 2, 13 and 34).

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 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 the key assumptions, including claims development factors and claims settlement period, discounting rate, average rate of projected inflation, mortality table, case costs, 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 conducted a retrospective assessment of the adequacy of claim reserves, including utilization of IBNR and Reported but not settled reserves ("RBNS") recognized in previous periods and comparison of historical reserves with actual claims paid.
- We tested the completeness of data used in the assessment of IBNR by tracing back these data with Claims Paid Journals and RBNS Journals.

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.

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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Deloitte LLP seal: A circular blue seal with the Deloitte logo in the center. The text around the border includes "Deloitte LLP" and "Қазақстан Республикасы, Алматы қ." (Republic of Kazakhstan, Almaty).

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 seal: A circular blue seal with a stylized logo in the center. The text around the border includes "Жаңғырбайев Жангир Асқарович" and "№ МФ-0000116".

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

21 May 2020
Almaty, Kazakhstan

Joint Stock Company "Insurance Company "Amanat"

Statement of Financial Position as at 31 December 2019

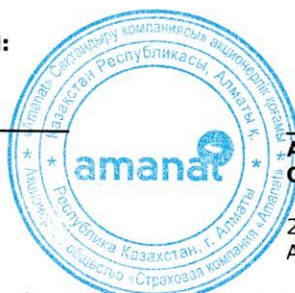
(in thousands of Kazakhstani Tenge)

	Notes	31 December 2019	31 December 2018
ASSETS:			
Cash and balances with banks	4	199,143	109,696
Reverse repurchase agreements	4	1,334,835	703,366
Due from banks	5	77,195	158,112
Financial assets at fair value through profit or loss	6	2,702,750	3,737,116
Investments available-for-sale	7	2,404,645	826,276
Investments held-to-maturity	8	97,088	250,140
Insurance and reinsurance premium receivable	9	851,683	717,276
Other insurance and reinsurance receivable	10	236,472	90,756
Deferred acquisition costs	11	1,347,381	681,699
Unearned premiums reserve, reinsurers' share	12, 30	389,221	289,373
Reserves for claims and claims' adjustment expenses, reinsurers' share	13, 30	283,714	274,507
Property, equipment and intangible assets	14	598,255	755,060
Deferred income tax assets	27	42,818	16,420
Current income tax assets		24,794	41,833
Other assets	15, 30	44,044	78,409
TOTAL ASSETS		10,634,038	8,730,039
LIABILITIES AND EQUITY			
LIABILITIES:			
Unearned premiums reserve	12, 30	4,029,143	2,727,238
Reserves for claims and claims' adjustment expenses	13, 30	1,407,802	1,201,129
Insurance and reinsurance payable	16	727,808	576,759
Other liabilities	17, 30	233,592	178,086
TOTAL LIABILITIES		6,398,345	4,683,212
EQUITY:			
Share capital	18	1,930,000	1,930,000
Property revaluation reserve		72,758	182,436
Investments available-for-sale fair value deficit		(15,432)	(1,886)
Stabilization reserve	18	3,522	4,136
Retained earnings		2,244,845	1,932,141
TOTAL EQUITY		4,235,693	4,046,827
TOTAL LIABILITIES AND EQUITY		10,634,038	8,730,039

On behalf of the Management Board:


Nurgaliyev E. B.
Chairman of the Management Board

21 May 2020
Almaty, Kazakhstan




Agibayeva D. K.
Chief Accountant

21 May 2020
Almaty, Kazakhstan

The notes on pages 11-52 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 2019

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

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Written insurance premiums	19, 30	10,067,453	6,023,882
Ceded reinsurance premiums	19	(1,203,154)	(1,154,802)
PREMIUMS WRITTEN, NET OF REINSURANCE	19	8,864,299	4,869,080
Change in unearned premiums reserve, net of reinsurers' share	12, 19, 30	(1,202,057)	(390,638)
PREMIUMS EARNED, NET OF REINSURANCE	19	7,662,242	4,478,442
Claims paid, gross	20, 30	(1,919,143)	(1,814,734)
Claims paid, reinsurers' share	20	165,343	445,439
Change in reserves for claims and claims' adjustment expenses, gross	20, 30	(206,673)	(117,213)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	20, 30	9,207	(4,689)
CLAIMS INCURRED, NET OF REINSURANCE	20	(1,951,266)	(1,491,197)
Commission income	21	117,630	74,386
Commission expense	21	(3,355,781)	(1,239,895)
NET COMMISSION EXPENSE	21	(3,238,151)	(1,165,509)
Investment income, net	22	563,313	513,535
Other operating income, net	23	81,000	41,121
OTHER INCOME		644,313	554,656
Salaries and benefits	30	(1,753,035)	(1,587,846)
Administrative and operating expenses	24	(935,019)	(782,926)
Provision for impairment losses on other operations	25	(32,402)	(22,341)
Depreciation and amortization	14	(92,074)	(91,434)
Net (loss)/gain on foreign exchange operations	26	(16,818)	185,298
OPERATING EXPENSES		(2,829,348)	(2,299,249)
PROFIT BEFORE INCOME TAX		287,790	77,143
Income tax benefit/(expense)	27	24,300	(12,494)
NET PROFIT		312,090	64,649
EARNINGS PER SHARE			
Basic and diluted (KZT)	28	161.70	33.50

On behalf of the Management Board:


Nurgaliyev E. B.
Chairman of the Management Board

21 May 2020
Almaty, Kazakhstan




Agibayeva D. K.
Chief Accountant

21 May 2020
Almaty, Kazakhstan

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Joint Stock Company "Insurance Company "Amanat"

Statement of Other Comprehensive Income for the Year Ended 31 December 2019

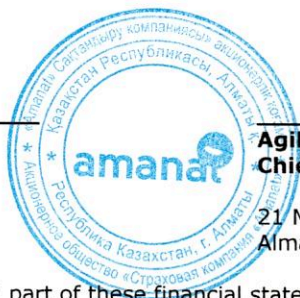
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
NET PROFIT		312,090	64,649
OTHER COMPREHENSIVE LOSS			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Loss on property revaluation, net of income tax of KZT Nil	14	(109,678)	(8,966)
		(109,678)	(8,966)
<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		(13,546)	(1,886)
		(13,546)	(1,886)
OTHER COMPREHENSIVE LOSS		(123,224)	(10,852)
TOTAL OTHER COMPREHENSIVE INCOME		188,866	53,797

On behalf of the Management Board:


Nurgaliyev E. B.
Chairman of the Management Board

21 May 2020
Almaty, Kazakhstan




Agibayeva D. K.
Chief Accountant

21 May 2020
Almaty, Kazakhstan

The notes on pages 11-52 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 2019 (in thousands of Kazakhstani Tenge)

	Notes	Share capital	Property revaluation reserve	Investments available-for-sale fair value deficit	Stabilization reserve	Retained earnings	Total equity
31 December 2017		1,930,000	191,402	-	24,040	2,030,948	4,176,390
Net profit		-	-	-	-	64,649	64,649
Other comprehensive loss		-	(8,966)	(1,886)	-	-	(10,852)
Total comprehensive (loss)/income		-	(8,966)	(1,886)	-	64,649	53,797
Transfer from Stabilization reserve		-	-	-	(19,904)	19,904	-
Dividends declared	18	-	-	-	-	(183,360)	(183,360)
31 December 2018		1,930,000	182,436	(1,886)	4,136	1,932,141	4,046,827
Net profit		-	-	-	-	312,090	312,090
Other comprehensive loss		-	(109,678)	(13,546)	-	-	(123,224)
Total comprehensive (loss)/income		-	(109,678)	(13,546)	-	312,090	188,866
Transfer from Stabilization reserve		-	-	-	(614)	614	-
31 December 2019		1,930,000	72,758	(15,432)	3,522	2,244,845	4,235,693

On behalf of the Management Board:


Nurgaliyev E. B.
Chairman of the Management Board

21 May 2020
Almaty, Kazakhstan




Agibayeva D. K.
Chief Accountant

21 May 2020
Almaty, Kazakhstan

The notes on pages 11-52 form an integral part of these financial statements.

Joint Stock Company "Insurance Company "Amanat"

Statement of Cash Flows For the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

Notes	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	287,790	77,143
Adjustments for:		
Change in unearned premiums reserve, net of reinsurers' share	12, 19 1,202,057	390,638
Change in reserves for claims and claims' adjustment expenses, net of reinsurers' share	20 197,466	121,902
Depreciation and amortization	14 92,074	91,434
Provision for impairment losses on other operations	25 32,402	22,341
Recovery of provision for impairment losses on investments available-for-sale	7, 22 -	(5,266)
Unrealized gain on revaluation of financial assets at fair value through profit or loss	22 (26,009)	(3,204)
Change in deferred acquisition costs	(665,682)	(151,342)
Unrealized loss/(gain) on foreign exchange operations	26 8,583	(180,948)
Net change in accrued interest income	(38,058)	43,865
Premium amortization on investments	(5,883)	(1,726)
(Gain)/loss from disposal of property and equipment	23 (2,060)	29,580
Cash flows from operating activities before changes in operating assets and liabilities	1,082,680	434,417
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Purchase and redemption of financial assets at fair value through profit or loss	1,033,329	(549,728)
Insurance and reinsurance premium receivable	(152,402)	(158,151)
Other insurance and reinsurance receivable	(145,405)	(4,257)
Other assets	20,117	(15,282)
Increase/(decrease) in operating liabilities:		
Repurchase agreements	-	(1,122,348)
Insurance and reinsurance payable	151,049	64,379
Other liabilities	55,506	11,105
Cash flows from/(used in) operating activities before taxes paid	2,044,874	(1,339,865)
Income taxes received/(paid)	14,941	(17,932)
Net cash flows from/(used in) operating activities	2,059,815	(1,357,797)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash placed as deposits in banks	(182,000)	(1,852,417)
Cash withdrawn from deposits in banks	264,000	2,677,895
Purchase of investments available-for-sale	(1,531,361)	(786,339)
Proceeds from sale/redemption of investments available-for-sale	-	169,502
Held-to-maturity investment proceeds	151,124	-
Purchase of property, equipment and intangible assets	14 (71,082)	(116,203)
Proceeds from disposal of property and equipment	27,745	11,090
Net cash flows (used in)/from investing activities	(1,341,574)	103,528
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	18 -	(164,360)
Net cash flows used in financing activities	-	(164,360)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	718,241	(1,418,629)
Effect of exchange rate changes on the balance of cash held in foreign currencies	2,675	5,436
CASH AND CASH EQUIVALENTS, beginning of the year	4 813,062	2,226,255
CASH AND CASH EQUIVALENTS, end of the year	4 1,533,978	813,062

Interest received by the Company during the years ended 31 December 2019 and 2018 amounted to KZT 462,729 thousand and KZT 551,979 thousand, respectively.

Interest paid by the Company during the years ended 31 December 2019 and 2018 amounted to KZT 102 thousand and KZT 11,187 thousand, respectively.

On behalf of the Management Board:


Nurgaliyev E. B.
Chairman of the Management Board


Agibayeva D. K.
Chief Accountant

21 May 2020
Almaty, Kazakhstan

21 May 2020
Almaty, Kazakhstan

The notes on pages 11-52 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 2019

(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.

In July 2002, the Company placed its own shares on the Kazakhstan Stock Exchange ("the KASE").

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

As at 31 December 2019 and 2018, the number of employees of the Company was 370 and 357, respectively.

As at 31 December 2019 and 2018, the Company had 13 and 14 branches operating in the Republic of Kazakhstan, respectively.

As at 31 December 2019 and 2018, Idrisov D.A. was the sole shareholder of the Company.

These financial statements were authorized for issue on 21 May 2020 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.

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 2019	31 December 2018
Closing exchange rates – KZT		
1 U.S. Dollar ("USD")	382.59	384.20
1 Euro ("EUR")	429	439.37
1 Russian Ruble ("RUR")	6.16	5.52

Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements for the Year Ended 31 December 2019 (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.

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.

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.

Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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 32.

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.

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 balances with banks

Cash and balances with banks 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.

Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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.

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.

Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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:

	Rates
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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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 existing 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 requirements of the authorized body requirements as not less than 5 (five) percent of the written premiums, accrued under insurance (reinsurance) agreements and additional agreements to insurance (reinsurance) agreements that entered into force in the last 12 (twelve) months preceding the settlement date.

The reinsurance assets in the IBNR are calculated in accordance with the same actuarial method used for the calculation of the IBNR. For lines of insurance that do not have sufficient statistical data, reinsurance assets in IBNR are formed in accordance with the requirements of the authorized body as a product of the amount of interest used in calculating the IBNR and the amount of the insurance premium accrued under insurance (reinsurance) contracts and additional agreements to insurance contracts (reinsurance) transferred to reinsurance and entered into force in the last 12 (twelve) months preceding the settlement date.

The reinsurers' share in the RBNS 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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued) *(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

Changes in reserve estimation

On 1 April 2019, the Company amended its methodology for calculating IBNR and an outstanding claim reserve, including amendments related to the entry into force of Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 13 from 31 January 2019 On the Approval of Requirements for creating and the Method for calculating Insurance Reserves and their Structure ("Resolution No. 13"), which governs the calculation of insurance reserves.

The Company discloses the impact of amendments as they are applied in the points below, but does not disclose their impact in future periods as it is practically impossible to do so.

Determination of the loss ratio for the calculation of IBNR

According to Resolution No. 13, loss ratios on policies are determined in an amount that is no less than the mean value of loss ratios for policies as at the end of the financial years preceding the periods in which losses were incurred. In this respect, losses incurred, including expenses to settle claims, and insurance premiums earned on insurance (reinsurance) agreements are accounted for according to financial years completed before the reporting date. Whilst, according to Resolution of the National Bank of the Republic of Kazakhstan No. 76, which has lost its force, On the Approval of Requirements for creating and the Method for calculating Insurance Reserves and their Structure ("Resolution No. 76"), loss ratios were determined as the mean value of loss ratios for the period insurance claims were made. In this respect, losses incurred and insurance premiums earned were accounted for in the same reporting period.

The change in the methodology for determining loss ratios when calculating IBNR has led to the following changes in the reserves for IBNR as at 1 April 2019:

	Gross	Net
IBNR before change	14,203	14,203
Effect of the change in methodology for determining a loss ratio when calculating IBNR	6,157	6,157
IBNR after change	20,360	20,360

Calculation of IBNR according to the class of obligatory employer's liability (hereinafter – "OEL").

Prior to 1 April 2019, a simplified approach was used based on average payout ratios taking into account renewal rates on the basis of the statistics of the Company under contracts from the year 2005, on which the degree of loss of professional ability to work was established to assess the IBNR for OEL class. According to Decree #13, as at 1 April 2019, IBNR under OEL class is defined as the sum of the Incurred But Not Yet Reported claims reserve (hereinafter – "IBNYR") determined by actuarial methods, and the Incurred But Not Enough Reported claims reserve (hereinafter – "IBNER"), calculated by the beneficiaries for which the insurance payment was made in connection with the establishment of the degree of the loss of occupational capacity ("LOC"). The company does not form IBNYR as at 1 April 2019, due to the lack of loss statistics for calculating IBNYR using actuarial methods, and the lack of existing contracts for this class of insurance at the reporting date. IBNER is equal to the amount of projected payments related to the extension of the degree of the LOC, determined individually for each beneficiary who has a degree of the LOC or who is expected to renew the degree of the LOC. In order to assess the projected payments for each beneficiary, the extension of the period for determining the degree of the LOC is carried out until the retirement age is reached with a probability of 100 (one hundred) percent.

The change in the calculation methodology of the IBNR led to the following changes in the IBNR for the OEL class on 1 April 2019:

	Gross	Net
IBNR before change	56,930	56,930
The effect of changes in the methodology for calculating IBNR	44,857	14,856
IBNR after change	101,787	71,785

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Notes to the Financial Statements

for the Year Ended 31 December 2019 (Continued)

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3. Adoption of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Standards that are effective for the current year

In the current year, the Company applied IFRS 16 (issued by the Committee on International Financial Reporting Standards (hereinafter - the IASB in January 2016), which is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 introduces new or changed requirements for accounting for leases. IFRS 16 makes significant changes to the lessee's accounting for previously existing operating and financial lease separation. At the commencement of the lease, the lessee must recognize the asset in the form of a right-of-use and a lease liability, with the exception of short-term leases and low-value asset leases. Unlike lessee accounting, lessor accounting requirements generally have not changed.

The adoption of IFRS 16 did not have a material effect on the financial position and performance of the Company.

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle

Amendments to IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Company has adopted the amendments included in the *Annual Improvements to IFRS Standards 2015–2017 Cycle* for the first time in the current year. The *Annual Improvements* include amendments to four Standards:

IAS 12 Income Taxes. The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company 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.

IAS 23 Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRIC 23 Uncertainty over Income Tax Treatments

The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17
Amendments to IAS 1 and IAS 8
Conceptual Framework

Insurance Contracts
Definition of material
Amendments to References to the Conceptual Framework in IFRS Standards

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

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The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

IFRS 17 Insurance Contracts. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 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 uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures 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 January 1, 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. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after January 1, 2023.

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 2020.

Amendments to IAS 1 and IAS 8 Definition of 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 January 1, 2020, with earlier application permitted. The management of the Company does not expect that the application of these changes will have an impact on the financial statements of the Company.

Amendments to References to the Conceptual Framework in IFRS Standards. Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

4. Cash and balances with banks

	31 December 2019	31 December 2018
Balances with banks in Kazakhstani Tenge	114,729	69,857
Balances with JSC Central Securities Depository	50,486	1,604
Cash on hand	17,297	11,462
Balances with banks in foreign currencies	16,631	26,773
Total cash and balances with banks	199,143	109,696

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

	31 December 2019	31 December 2018
Reverse repurchase agreements	1,334,835	703,366
Balances with banks in Kazakhstani Tenge	114,729	69,857
Balances with JSC Central Securities Depository	50,486	1,604
Cash on hand	17,297	11,462
Balances with banks in foreign currencies	16,631	26,773
Total cash and cash equivalents	1,533,978	813,062

Fair value and carrying value of the reverse repurchase agreements as at 31 December 2019 and 2018 comprise:

	31 December 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	706,836	733,657	313,813	320,147
Notes of the NBK	620,985	641,013	-	-
Kazakhstani corporate shares	7,014	7,694	389,553	559,944
	1,334,835	1,382,364	703,366	880,091

As at 31 December 2019 and 2018, reverse repurchase agreements included accrued interest in the amount of KZT 4,834 thousand and KZT 2,358 thousand, respectively.

5. Due from banks

	31 December 2019	31 December 2018
Long-term deposits	77,195	158,112
Total due from banks	77,195	158,112

As at 31 December 2019 and 2018, due from banks included accrued interest in the amount of KZT 2,195 thousand and KZT 1,112 thousand, respectively.

As at 31 December 2019 and 2018, no impairment was identified on due from banks.

Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

6. Financial assets at fair value through profit or loss

	31 December 2019	31 December 2018
Debt securities	2,610,250	3,627,858
Equity securities	92,500	109,258
Total financial assets at fair value through profit or loss	2,702,750	3,737,116

	Interest to nominal	31 December 2019	Interest to nominal	31 December 2018
Debt securities:				
Bonds of Kazakhstani banks	4.13%-15.00%	1,016,131	4.13%-15.00%	1,006,836
Corporate bonds	4.00%-15.00%	863,015	4.00%-15.00%	1,574,708
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	5.15%-8.99%	731,104	3.88%-8.99%	819,100
Bonds of foreign countries	-	-	1.63%	227,214
		2,610,250		3,627,858

	Ownership interest, %	31 December 2019	Ownership interest, %	31 December 2018
Equity securities:				
Kazakhstani corporate shares	-*	92,500	-*	109,258
		92,500		109,258

* - Ownership share is less than 0.01%.

As at 31 December 2019 and 2018, financial assets at fair value through profit or loss included accrued interest in the amount of KZT 54,321 thousand and KZT 72,491 thousand, respectively.

7. Investments available-for-sale

	31 December 2019	31 December 2018
Debt securities	2,386,979	808,610
Equity securities	17,666	17,666
Total investments available-for-sale	2,404,645	826,276

	Interest to nominal	31 December 2019	Interest to nominal	31 December 2018
Debt securities:				
Bonds of Kazakhstani banks	5.50%-11.00%	785,476	5.50%-11.00%	500,710
Corporate bonds	8.50%-11.50%	775,847	-	-
Bonds of foreign financial organizations	0.00%-8.95%	569,210	8.30%	307,900
Bonds of foreign countries	1.63%	256,446	-	-
		2,386,979		808,610

	Ownership interest	31 December 2019	Ownership interest	31 December 2018
Equity securities:				
Kazakhstani corporate shares	0.01%	17,666	0.01%	17,666
		17,666		17,666

As at 31 December 2019 and 2018, investments available-for-sale included accrued interest in the amount of KZT 75,261 thousand and KZT 12,307, respectively.

Joint Stock Company "Insurance Company "Amanat"

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

As at 31 December 2019 and 2018, 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.

The analysis of changes of provision for impairment losses for the years ended 31 December 2019 and 2018, is presented in the table below:

	2019	2018
Balance at the beginning of the year	68,159	73,425
Recovery of provision	-	(5,266)
Balance at the end of the year	68,159	68,159

8. Investments held-to-maturity

As at 31 December 2019 and 2018, investments held-to-maturity included bonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 97,088 thousand and KZT 250,140 thousand, respectively with interest rates from 5.80% to 8.20%.

As at 31 December 2019 and 2018, investments held-to-maturity included accrued interest in the amount of KZT 1,708 thousand and KZT 9,517 thousand, respectively.

9. Insurance and reinsurance premium receivable

	31 December 2019	31 December 2018
Amounts due from due from agents	466,317	-
Amounts due from policyholders	448,922	774,218
Amounts due from reinsured	-	5,254
	915,239	779,472
Less: allowance for impairment losses (Note 25)	(63,556)	(62,196)
Total insurance and reinsurance premium receivable	851,683	717,276

10. Other insurance and reinsurance receivable

	31 December 2019	31 December 2018
Claims to insurers	166,578	57,595
Receivable from recourses and subrogation	34,135	21,411
Claims to reinsurers	31,018	12,962
Other insurance accounts receivable	4,741	126
	236,472	92,094
Less: allowance for impairment losses (Note 25)	-	(1,338)
Total other insurance and reinsurance receivable	236,472	90,756

11. Deferred acquisition costs

Deferred acquisition costs represent brokerage and agency commissions, the amount of which depends on the volume of insurance contracts concluded. Deferred acquisition costs are amortised over the life of the insurance cover under insurance contracts and separately for each insurance contract.

As at 31 December 2019 and 2018, deferred acquisition costs amounted to KZT 1,347,381 thousand and KZT 681,699 thousand, respectively.

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Notes to the Financial Statements
for the Year Ended 31 December 2019 (Continued)
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

12. Unearned premiums reserve

	31 December 2019	31 December 2018	Change in unearned premiums reserve
Unearned premiums reserve, gross (Note 19)	4,029,143	2,727,238	1,301,905
Unearned premiums reserve, reinsurers' share (Note 19)	(389,221)	(289,373)	(99,848)
Unearned premiums reserve, net of reinsurers' share	3,639,922	2,437,865	1,202,057

	31 December 2018	31 December 2017	Change in unearned premiums reserve
Unearned premiums reserve, gross (Note 19)	2,727,238	2,475,786	251,452
Unearned premiums reserve, reinsurers' share (Note 19)	(289,373)	(428,559)	139,186
Unearned premiums reserve, net of reinsurers' share	2,437,865	2,047,227	390,638

13. Reserves for claims and claims' adjustment expenses

The movements in reserves for claims and claims' adjustment expenses during 2019 and 2018 were as follows:

	2019	2018
As at beginning of the year	926,622	804,720
Net change in reserve (Note 20)	197,466	121,902
As at end of the year	1,124,088	926,622

As at 31 December 2019 and 2018, 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 2019 Total
Reserves for claims and claims' adjustment expenses, gross	345,095	1,062,707	1,407,802
Reinsurers' share in reserves	(73,725)	(209,989)	(283,714)
Reserves for claims and claims' adjustment expenses, net of reinsurance	271,370	852,718	1,124,088

	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)
Reserves for claims and claims' adjustment expenses, net of reinsurance	238,681	687,941	926,622

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**Notes to the Financial Statements
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14. Property, equipment and intangible assets

	Land	Buildings	Vehicles	Machinery and equipment	Other fixed assets	Intangible assets	Total
At initial/ revalued cost							
As at 31 December 2017	133,237	477,096	93,503	88,668	115,700	37,973	946,177
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)
As at 31 December 2018	133,277	451,560	109,326	108,557	114,083	46,996	963,799
Additions	-	-	45,600	16,258	7,590	1,634	71,082
Revaluation	7,032	21	-	-	-	-	7,053
Write-off at revaluation	(32,309)	(109,235)	-	-	-	-	(141,544)
Disposals	-	-	(25,356)	(19,238)	(4,792)	-	(49,386)
As at 31 December 2019	108,000	342,346	129,570	105,577	116,881	48,630	851,004
Accumulated depreciation							
As at 31 December 2017	-	(1,653)	(45,768)	(53,365)	(41,857)	(23,607)	(166,250)
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
As at 31 December 2018	-	(4,863)	(60,737)	(66,803)	(51,964)	(24,372)	(208,739)
Charge for the year	-	(19,504)	(29,242)	(21,627)	(16,686)	(5,015)	(92,074)
Write-off at revaluation	-	24,363	-	-	-	-	24,363
Disposals	-	-	176	19,087	4,438	-	23,701
As at 31 December 2019	-	(4)	(89,803)	(69,343)	(64,212)	(29,387)	(252,749)
Net book value							
As at 31 December 2019	108,000	342,342	39,767	36,234	52,669	19,243	598,255
As at 31 December 2018	133,277	446,697	48,589	41,754	62,119	22,624	755,060

As at 31 December 2019 and 2018, included in property and equipment were fully depreciated assets at cost of KZT 15,100 thousand and KZT 3,904 thousand, respectively.

Had the Company's land and buildings been measured on a historical cost basis, its carrying amount would have been KZT 85,963 thousand as at 31 December 2019 (31 December 2018: KZT 88,522 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 2019 (Continued) (in thousands of Kazakhstani Tenge, unless otherwise indicated)

15. Other assets

	31 December 2019	31 December 2018
Other financial assets:		
Receivable from broker	8,040	8,632
Other receivables	450	82
	8,490	8,714
Other non-financial assets:		
Advances paid	49,309	69,607
Inventory	3,167	4,199
Prepaid taxes, other than income tax	248	125
Other	9,118	9,729
	61,842	83,660
Less: allowance for impairment loss (Note 25)	(26,288)	(13,965)
	35,554	69,695
Total other assets	44,044	78,409

Receivable from broker in the amount of KZT 8,040 thousand was fully paid on 5 January 2020.

16. Insurance and reinsurance payable

	31 December 2019	31 December 2018
Amounts payable to reinsurers	351,730	328,358
Amounts payable to agents and brokers	339,918	221,793
Claims payable to insured	36,160	21,855
Claims payable to reinsured	-	4,753
Total insurance and reinsurance payable	727,808	576,759

17. Other liabilities

	31 December 2019	31 December 2018
Other financial liabilities:		
Accounts payable for goods	27,331	25,460
Payable to employees	12,456	3,058
Payable to JSC Insurance Payments Guarantee Fund	7,507	4,542
Rent payable	2,271	59
Dividends payable	-	19,000
Other	331	569
	49,896	52,688
Other non-financial liabilities:		
Provision for unused vacation	76,851	32,116
Taxes payable, other than income tax	76,504	46,491
Advances received	17,932	10,793
Accrued reserves for bonuses	12,323	35,564
Deferred income	86	133
Other	-	301
	183,696	125,398
Total other liabilities	233,592	178,086

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

18. Equity

Share capital

As at 31 December 2019 and 2018, 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 2019, no dividends were declared nor paid. 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.

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 2019 and 2018, the Company recognized a stabilization reserve in the amount of KZT 3,522 thousand and KZT 4,136 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 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

19. Premiums earned, net of reinsurance

Premiums earned, net of reinsurance, for the year ended 31 December 2019, comprise the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property	Financial losses insurance	Air, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Total
Direct insurance premiums	744,450	5,469,889	1,165,351	125,201	1,911,933	228,420	309,630	108,481	10,063,355
Assumed reinsurance premiums	205	-	2,056	-	1,343	-	803	(309)	4,098
Written insurance premiums	744,655	5,469,889	1,167,407	125,201	1,913,276	228,420	310,433	108,172	10,067,453
Ceded reinsurance premiums	(151,296)	-	(425,612)	(118,592)	(280,709)	-	(219,640)	(7,305)	(1,203,154)
Premiums written, net of reinsurance	593,359	5,469,889	741,795	6,609	1,632,567	228,420	90,793	100,867	8,864,299
Change in unearned premiums reserve, gross	47,690	(1,330,916)	34,412	30,956	(103,799)	12,972	9,496	(2,716)	(1,301,905)
Change in unearned premiums reserve, reinsurers' share	17,694	-	69,445	(20,166)	24,632	-	7,775	468	99,848
Change in unearned premiums reserve, net	65,384	(1,330,916)	103,857	10,790	(79,167)	12,972	17,271	(2,248)	(1,202,057)
Premiums earned, net of reinsurance	658,743	4,138,973	845,652	17,399	1,553,400	241,392	108,064	98,619	7,662,242

* - 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 2019 (Continued)

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

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	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)
Premiums written, net of reinsurance	652,395	1,605,857	512,805	21,722	1,571,673	334,614	94,409	75,605	4,869,080
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)
Change in unearned premiums reserve, net	(43,707)	(332,342)	35,968	61,558	(115,032)	(4,934)	(4,248)	12,099	(390,638)
Premiums earned, net of reinsurance	608,688	1,273,515	548,773	83,280	1,456,641	329,680	90,161	87,704	4,478,442

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

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Notes to the Financial Statements
for the Year Ended 31 December 2019 (Continued)
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20. Claims incurred, net of reinsurance

Claims incurred, net of reinsurance, for the year ended 31 December 2019, 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	(14,704)	(1,023,243)	(96,555)	-	(18,987)	(616,019)	(59,056)	(57,311)	(10,562)	(1,896,437)
Claims paid on assumed reinsurance	(58)	-	(149)	-	(12,802)	(9,697)	-	-	-	(22,706)
Claims paid, gross	(14,762)	(1,023,243)	(96,704)	-	(31,789)	(625,716)	(59,056)	(57,311)	(10,562)	(1,919,143)
Claims paid, reinsurers' share	958	82,758	82,758	-	4,220	15,169	-	62,238	-	165,343
Claims paid, net	(13,804)	(1,023,243)	(13,946)	-	(27,569)	(610,547)	(59,056)	4,927	(10,562)	(1,753,800)
Change in reserves for claims and claims' adjustment expenses, gross	(32,284)	(198,266)	76,716	(28,907)	(57,462)	14,922	24,350	(5,688)	(54)	(206,673)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	47,154	-	(28,612)	28,490	28,020	(69,149)	-	4,382	(1,078)	9,207
Net change in reserves for claims and claims' adjustment expenses	14,870	(198,266)	48,104	(417)	(29,442)	(54,227)	24,350	(1,306)	(1,132)	(197,466)
Claims incurred, net of reinsurance	1,066	(1,221,509)	34,158	(417)	(57,011)	(664,774)	(34,706)	3,621	(11,694)	(1,951,266)

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

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Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

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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 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	(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
Claims paid, net	(88,559)	(475,501)	(110,536)	-	(9,438)	(598,533)	(77,329)	2,356	(11,755)	(1,369,295)
Change in reserves for claims and claims' adjustment expenses, gross	127,113	(114,272)	69,654	5,469	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)
Net change in reserves for claims and claims' adjustment expenses	9,456	(114,272)	25,117	5,755	6,834	(17,409)	(31,042)	708	(7,049)	(121,902)
Claims incurred, net of reinsurance	(79,103)	(589,773)	(85,419)	5,755	(2,604)	(615,942)	(108,371)	3,064	(18,804)	(1,491,197)

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

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21. Net commission expense

Net commission expense for the year ended 31 December 2019, 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	11,714	-	3,757	21,347	27,297	-	53,380	135	117,630
Commission expense	(235,368)	(2,337,958)	(290,219)	(15,986)	(326,316)	(95,510)	27,846	(26,578)	(3,355,781)
Net commission expense	(223,654)	(2,337,958)	(286,462)	5,361	(299,019)	(95,510)	25,534	(26,443)	(3,238,151)

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

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)
Net commission expense	(163,353)	(321,601)	(230,433)	(4,782)	(320,109)	(110,521)	8,694	(23,404)	(1,165,509)

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

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22. Investment income, net

	Year ended 31 December 2019	Year ended 31 December 2018
Interest income	500,787	508,114
Interest expense	(102)	(11,187)
Realized gain on financial assets at fair value through profit or loss	34,148	3,090
Unrealized gain on financial assets at fair value through profit or loss	26,009	3,204
Dividend income	2,471	5,048
Recovery of provision for impairment losses on investments available-for-sale (Note 7)	-	5,266
Total investment income, net	563,313	513,535
	Year ended 31 December 2019	Year ended 31 December 2018
Interest income comprised:		
Interest income on financial assets at fair value through profit or loss	243,983	275,884
Interest income on financial assets available-for-sale	176,322	21,135
Interest income on financial assets recorded at amortized cost:		
- interest income on unimpaired financial assets	80,482	211,095
	500,787	508,114
Interest income on financial assets recorded at amortized cost comprises:		
Interest on reverse repurchase agreements	55,605	99,186
Interest on investments held-to-maturity	14,498	19,274
Interest on due from banks	10,379	80,330
Interest on current accounts	-	12,305
	80,482	211,095
Interest expense comprised:		
Interest on repurchase agreements	(102)	(11,187)
	(102)	(11,187)

For the years ended 31 December 2019 and 2018, there was no interest income on impaired financial assets.

23. Other operating income, net

	Year ended 31 December 2019	Year ended 31 December 2018
Income on operating lease	20,756	20,527
Gain/(loss) from disposal of property and equipment	2,060	(29,580)
Other	58,184	50,174
Total other operating income, net	81,000	41,121

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Notes to the Financial Statements

for the Year Ended 31 December 2019 (Continued)

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24. Administrative and operating expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Advertising expenses	229,529	48,705
Rent expense	163,125	235,933
Transportation expense	106,739	87,607
Professional services	78,817	72,322
Repair and maintenance of property and equipment	56,220	24,056
Communication expenses	46,183	26,610
Business trip expenses	41,679	39,377
Stationery	38,398	58,037
Utilities	34,473	39,911
Payments to JSC Insurance Payments Guarantee Fund	26,495	14,210
Bank services and charges	25,581	16,751
Taxes, other than income tax	22,341	27,904
Representative expenses	14,601	27,676
Insurance expenses	11,740	8,686
Postal services	9,942	9,592
Membership fee	8,113	11,182
Staff training	1,984	13,634
Security expenses	1,152	1,294
Fines and penalties	31	6,122
Other	17,876	13,317
Total administrative and operating expenses	935,019	782,926

25. Provision for impairment losses on other operations

	Insurance and reinsurance premium receivable (Note 9)	Other insurance and reinsurance receivable (Note 10)	Other assets (Note 15)	Total
31 December 2017	60,629	1,025	16,220	77,874
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)
31 December 2018	62,196	1,338	13,965	77,499
Provision recognized	78,884	19,386	25,398	123,668
Recovery of provision	(60,889)	(19,697)	(10,680)	(91,266)
Write-off of assets	(16,635)	(1,027)	(2,395)	(20,057)
31 December 2019	63,556	-	26,288	89,844

26. Net (loss)/gain on foreign exchange operations

	Year ended 31 December 2019	Year ended 31 December 2018
Unrealised (loss)/gain	(8,583)	180,948
Dealing, net	(8,235)	4,350
Total net (loss)/gain on foreign exchange operations	(16,818)	185,298

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27. 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 2019 and 2018, 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 2019 and 2018 comprise:

	31 December 2019	31 December 2018
Deductible temporary differences:		
Provision for impairment losses	158,003	145,656
Tax losses carried forward	138,441	138,441
Accrued reserves for bonuses	12,323	35,564
Provision for unused vacation	76,851	32,116
Other payable	26,088	22,756
Total deductible temporary differences	411,706	374,533
Taxable temporary differences:		
Property, equipment and intangible assets	(59,176)	(153,995)
Total taxable temporary differences	(59,176)	(153,995)
Net deductible temporary differences	352,530	220,538
Deferred tax assets at the statutory rate 20%	70,506	44,108
Deferred tax asset not recognised	(27,688)	(27,688)
Net deferred income tax assets	42,818	16,420

Movement of deferred tax assets for the years ended 31 December 2019 and 2018 was as follows:

	2019	2018
Beginning of the year	16,420	16,864
Deferred income tax benefit recognized in:		
Statement of profit or loss	26,398	(444)
End of the year	42,818	16,420

Relationships between tax expenses and taxable income for the years ended 31 December 2019 and 2018 are explained as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Profit before income tax	287,790	77,143
Tax at statutory tax rate (20%)	57,558	15,429
Tax effect of (non-taxable income)/non-deductible expenses:		
Non-taxable income on government and listing securities	(100,621)	(79,540)
Non-taxable dividend income	(494)	(1,010)
Other non-deductible expense	17,159	37,877
Withholding tax	2,098	12,050
Changes in unrecognized deferred tax asset	-	27,688
Income tax (benefit)/expense	(24,300)	12,494

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	Year ended 31 December 2019	Year ended 31 December 2018
Deferred income tax (benefit)/expense	(26,398)	444
Withholding tax expense	2,098	12,050
Income tax (benefit)/expense	(24,300)	12,494

28. 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 2019	Year ended 31 December 2018
Net profit	312,090	64,649
Weighted average number of ordinary shares for purposes of basic and diluted earnings per share	1,930,000	1,930,000
Earnings per share – basic and diluted (KZT)	161.70	33.50

As at 31 December 2019 and 2018, the book value of one ordinary share, calculated in accordance with the methodology provided by KASE, amounted to KZT 2,185 and KZT 2,085, respectively.

29. 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 2019 and 2018, the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

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Operating leases

As at 31 December 2019 and 2018, where the Company is lessee, the future minimum lease payments under non-cancellable operating leases within one year are KZT 65,936 thousand and KZT 138,473 thousand, respectively.

Capital commitments

As at 31 December 2019 and 2018, 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, 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. In March 2020 oil prices dropped for more than 40%, which resulted in immediate weakening of KZT against major currencies.

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.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and the Republic of Kazakhstan economy.

30. 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.

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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 2019 and 2018 with related parties:

	31 December 2019		31 December 2018	
	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	27,756	389,221	38,116	289,373
- other related parties	27,584		37,910	
- key management personnel of the Company	172		206	
Reserves for claims and claims' adjustment expenses, reinsurers' share	-	283,714	3,059	274,507
- other related parties	-		3,020	
- key management personnel of the Company	-		39	
Other assets	866	44,044	298	78,409
- key management personnel of the Company	816		258	
- other related parties	50		40	
Unearned premiums reserve	54,598	4,029,143	67,070	2,727,238
- other related parties	52,932		65,658	
- key management personnel of the Company	1,650		1,395	
- shareholder	16		17	
Reserves for claims and claims' adjustment expenses	2,255	1,407,802	8,279	1,201,129
- other related parties	2,023		7,665	
- key management personnel of the Company	232		614	
Other liabilities	9,562	233,592	37,578	178,086
- key management personnel of the Company	9,562		18,578	
- shareholder	-		19,000	

As at 31 December 2019 and 2018, there was not any impairment against related party balances.

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Included in the statement of profit or loss for the years ended 31 December 2019 and 2018 are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2019		Year ended 31 December 2018	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Written insurance premiums	99,708	10,067,453	121,648	6,023,882
- other related parties	97,400		118,774	
- key management personnel of the Company	2,287		3,122	
- shareholder	21		(248)	
Change in unearned premiums reserve, net	(2,112)	(1,202,057)	(13,217)	(390,638)
- other related parties	(2,400)		(12,446)	
- key management personnel of the Company	289		(772)	
- shareholder	(1)		1	
Claims paid, gross	(7,555)	(1,919,143)	(5,027)	(1,814,734)
- other related parties	(7,234)		(4,551)	
- key management personnel of the Company	(321)		(476)	
Change in reserves for claims and claims' adjustment expenses, gross	(1,964)	(206,673)	(93,620)	(117,213)
- other related parties	(1,667)		(93,599)	
- key management personnel of the Company	(296)		11	
- shareholder	-		(32)	
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	(852)	9,207	96,086	(4,689)
- other related parties	(838)		95,445	
- key management personnel of the Company	(14)		(48)	
- shareholder	-		689	
Salaries and benefits	(246,934)	(1,753,035)	(208,920)	(1,587,846)
- key management personnel of the Company	(246,934)		(199,704)	
- shareholder	-		(9,216)	

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

31. 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.

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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 disclosed in Note 19, 20 and 21. 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 2019 and 2018, 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 205,604 thousand and KZT 213,271 thousand, respectively.

32. 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 assets and liabilities measured at fair value on a recurring basis

Some of the Company's assets and 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 assets and 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 2019	31 December 2018		
Financial assets at fair value through profit or loss (Note 6)	2,702,750	3,737,116	Level 2*	Quoted bid prices in a market that is not active.
Investments available-for-sale (Note 7)	2,386,979	808,610	Level 2*	Quoted bid prices in an active market.
Buildings (Note 14)	342,342	446,697	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 14)	108,000	133,277	Level 2	

* During the preparation of the financial statements for the year ended 31 December 2019, the Company revised the procedure for determining the fair value hierarchy and retrospectively revised the fair value hierarchy as at 31 December 2018.

As at 31 December 2019 and 2018, the equity securities classified as investments available-for-sale, in the amount of KZT 17,666 thousand 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.

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33. 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 2019 and 2018, the Company's solvency margin was 1.10 and 1.54, respectively.

34. 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.

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.

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

31 December of corresponding year	2014	2015	2016	2017	2018	2019
Gross liability for unpaid claims and claims expenses (IBNR and RBNS)	427,951	1,295,894	1,399,727	1,083,916	1,201,129	1,407,802
Reinsurance amount to be reimbursed	(231,609)	(325,515)	(404,976)	(279,196)	(274,507)	(283,714)
Net liability for unpaid claims and claims expenses (net IBNR and RBNS)	196,342	970,380	994,751	804,720	926,622	1,124,088
Gross reserve for insurance cases incurred in corresponding year:	2014	2015	2016	2017	2018	2019
At the end of the year	404,202	1,128,535	999,794	831,455	907,464	924,105
Paid claims (accrual basis) of insurance cases incurred in:						
One year later	1,582,412	1,302,336	1,269,916	1,180,410	1,759,605	2,095,632
Two years later	350,546	432,460	386,041	259,339	320,080	-
Three years later	707,064	616,678	397,156	268,019	-	-
Four years later	741,157	669,949	399,038	-	-	-
Five years later	753,989	673,251	-	-	-	-
Current aggregated claims paid	759,644	673,251	399,038	268,019	320,080	-
Gross reserve for insurance cases incurred in corresponding year:	2014	2015	2016	2017	2018	2019
One year later	133,365	252,792	134,087	134,600	262,539	-
Two years later	93,676	115,414	113,559	110,879	-	-
Three years later	11,525	10,673	12,128	-	-	-
Four years later	2,352	5,356	-	-	-	-
Five years later	911	-	-	-	-	-
Current estimate of accumulated claims	911	5,356	12,128	110,879	262,539	
Current (deficit)/surplus evaluation (accumulated)	(356,353)	449,928	588,627	452,557	324,845	
Current (deficit)/surplus of initial reserve, %	(88.2%)	39.9%	58.9%	54.4%	35.8%	

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.

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.

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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 2019 and 2018, 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:

	<AAA	<BBB	Not rated	31 December 2019 Total
Cash and balances with banks	717	130,642	67,783	199,143
Reverse repurchase agreements	-	1,334,835	-	1,334,835
Due from banks	-	77,195	-	77,195
Financial assets at fair value through profit or loss	-	2,610,250	92,500	2,702,750
Investments available-for-sale	825,656	1,561,323	17,666	2,404,645
Investments held-to-maturity	-	97,088	-	97,088
Insurance and reinsurance premium receivable	10,487	7,890	833,306	851,683
Other insurance and reinsurance receivable	34,036	148,913	53,523	236,472
Other financial assets	-	8,040	450	8,490

	AAA	<BBB	Not rated	31 December 2018 Total
Cash and balances with banks	469	96,161	13,066	109,696
Reverse repurchase agreement	-	703,366	-	703,366
Due from banks	-	158,112	-	158,112
Financial assets at fair value through profit and loss	227,214	3,400,644	109,258	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

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.

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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 2019
		0-3 months	3-6 months	6 months to 1 year	Greater than one year		
Cash and balances with banks	199,143	-	-	-	-	-	199,143
Reverse repurchase agreement	1,334,835	-	-	-	-	-	1,334,835
Due from banks	77,195	-	-	-	-	-	77,195
Financial assets at fair value through profit or loss	2,702,750	-	-	-	-	-	2,702,750
Investments available-for-sale	2,404,645	-	-	-	-	68,159	2,472,804
Investments held-to-maturity	97,088	-	-	-	-	-	97,088
Insurance and reinsurance premium receivable	336,806	469,789	30,011	16,118	-	62,515	915,239
Other insurance and reinsurance receivable	236,472	-	-	-	-	-	236,472
Other financial assets	8,490	-	-	-	-	-	8,490

	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 balances with banks	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	235,637	46,196	37,619	-	47,623	779,472
Other insurance and reinsurance receivable	77,705	13,051	-	-	-	-	92,094
Other financial assets	8,714	-	-	-	-	-	8,714

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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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 2019 Total
FINANCIAL ASSETS:								
Cash and balances with banks		199,143	-	-	-	-	-	199,143
Reverse repurchase agreement	9.35%	1,334,835	-	-	-	-	-	1,334,835
Due from banks	8.75%	-	-	77,195	-	-	-	77,195
Financial assets at fair value through profit or loss	7.59%	9,914	28,334	2,664,502	-	-	-	2,702,750
Investments available-for-sale	7.24%	26,117	272,285	514,475	1,289,304	284,798	17,666	2,404,645
Investments held-to-maturity	5.80%	-	-	97,088	-	-	-	97,088
Insurance and reinsurance premium receivable		643,115	163,269	45,240	59	-	-	851,683
Other insurance and reinsurance receivable		5,377	181,828	41,803	4,082	3,382	-	236,472
Other financial assets		8,120	142	170	58	-	-	8,490
Total financial assets		2,226,621	645,858	3,440,473	1,293,503	288,180	17,666	7,912,301
FINANCIAL LIABILITIES:								
Insurance and reinsurance payable		116,631	4,469	606,708	-	-	-	727,808
Other financial liabilities		35,100	796	14,000	-	-	-	49,896
Total financial liabilities		151,731	5,265	620,708	-	-	-	777,704
Liquidity gap		2,074,890	640,593	2,819,765	1,293,503	288,180	-	-
Cumulative liquidity gap		2,074,890	2,715,483	5,535,248	6,828,751	7,116,931	-	-

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	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
FINANCIAL ASSETS:								
Cash and balances with banks		109,696	-	-	-	-	-	109,696
Repurchase agreement	10.66%	703,366	-	-	-	-	-	703,366
Due from banks	10.00%	-	-	-	158,112	-	-	158,112
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	17,666	826,276
Investments held-to-maturity	7.08%	-	-	160,641	89,499	-	-	250,140
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	-	90,756
Other financial assets		8,632	15	67	-	-	-	8,714
Total financial assets		940,847	96,686	4,151,183	1,094,075	300,995	17,666	6,601,452
FINANCIAL LIABILITIES:								
Insurance and reinsurance payable		44,730	87,928	444,101	-	-	-	576,759
Repurchase agreement		34,725	894	17,069	-	-	-	52,688
Other financial liabilities		-	-	-	-	-	-	-
Total financial liabilities		79,455	88,822	461,170	-	-	-	629,447
Liquidity gap		861,392	7,864	3,690,013	1,094,075	300,995	-	-
Cumulative liquidity gap		861,392	869,256	4,559,269	5,653,344	5,954,339	-	-

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 2019 and 2018. 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 2019		As at 31 December 2018	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Impact on net profit before income tax	(375,106)	415,586	(213,073)	251,336

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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 382.59	EUR EUR 1 = KZT 429	RUR RUR 1 = KZT 6.16	31 December 2019 Total
FINANCIAL ASSETS:					
Cash and balances with banks	133,738	55,360	9,548	497	199,143
Reverse repurchase agreement	1,334,835	-	-	-	1,334,835
Due from banks	77,195	-	-	-	77,195
Financial assets at fair value through profit or loss	1,612,737	1,090,013	-	-	2,702,750
Investments available-for-sale	1,852,642	552,003	-	-	2,404,645
Investments held-to-maturity	97,088	-	-	-	97,088
Insurance and reinsurance premiums receivable	805,068	46,615	-	-	851,683
Other insurance and reinsurance receivable	236,472	-	-	-	236,472
Other financial assets	450	8,040	-	-	8,490
TOTAL FINANCIAL ASSETS	6,150,225	1,752,031	9,548	497	7,912,301
FINANCIAL LIABILITIES:					
Insurance and reinsurance payable	698,960	28,848	-	-	727,808
Other financial liabilities	49,788	-	-	108	49,896
TOTAL FINANCIAL LIABILITIES	748,748	28,848	-	108	777,704
OPEN BALANCE SHEET POSITION	5,401,477	1,723,183	9,548	389	
	KZT	USD USD 1 = KZT 384.20	EUR EUR 1 = KZT 439.37	RUR RUR 1 = KZT 5.52	31 December 2018 Total
FINANCIAL ASSETS:					
Cash and balances with banks	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
TOTAL FINANCIAL ASSETS	4,637,331	1,963,019	946	156	6,601,452
FINANCIAL LIABILITIES:					
Insurance and reinsurance payable	531,962	44,511	-	286	576,759
Other financial liabilities	52,688	-	-	-	52,688
TOTAL FINANCIAL LIABILITIES	584,650	44,511	-	286	629,447
OPEN BALANCE SHEET POSITION	4,052,681	1,918,508	946	(130)	

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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 2019. 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 2019 and 2018, the impact on net profit and equity based on the open balance sheet position is as follows:

	31 December 2019		31 December 2018	
	KZT/USD +20%	KZT/USD -20%	KZT/USD +20%	KZT/USD -20%
Impact on net profit and equity	344,637	(344,637)	383,702	(383,702)

	31 December 2019		31 December 2018	
	KZT/EUR +20%	KZT/EUR -20%	KZT/EUR +20%	KZT/EUR -20%
Impact on net profit and equity	1,910	(1,910)	189	(189)

	31 December 2019		31 December 2018	
	KZT/RUR +20%	KZT/RUR -20%	KZT/RUR +20%	KZT/RUR -20%
Impact on net profit and equity	78	(78)	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 2019		31 December 2018	
	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	925	(925)	1,093	(1,093)
Impact on equity	177	(177)	177	(177)

35. Events after the reporting period

On 6 January 2020, it was announced that JSC Fincraft Investment House acquires JSC Insurance Company Amanat as a subsidiary. Amirov Rashid Utebaevich, who also heads the Board of Directors of JSC Fincraft Investment House, was elected Chairman of the Board of Directors of JSC Insurance Company Amanat.

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On 11 March 2020, the World Health Organization declared the spread of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The pandemic has significantly impacted the economic conditions in Kazakhstan, accelerating during the first half of March, as government reacts to the public health crisis, creating significant uncertainties in the economy. In 2020, due to the whole economic downturn and a decrease in the purchasing power of the population, the Company's management expects a decrease in demand for voluntary types of insurance in the insurance market of Kazakhstan and a decrease in the volume of tourist insurance due to quarantine. The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

As of the date of the report, the Company cannot reasonably estimate the full length or severity of this pandemic, however, as a result of these developments the Company takes all measures to diversify and develop insurance products, prevent staff reductions and change investment strategies.