JOINT STOCK COMPANY INSURANCE COMPANY "AMANAT"

Financial Statements and
Independent Auditors' Report
For the Year Ended 31 December 2016

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 2016

Management is responsible for the preparation of the financial statements that present fairly the financial position of Joint Stock Company "Insurance Company "Amanat" ("the Company") as at 31 December 2016 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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 IFRS;
- 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
- Preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2016 were approved by Management on 26 April 2017.

On behalf of the Management Board:

Begimbetov Y.N.	**Agibayeva D.K.**
Chairman of the Management Board	**Chief Accountant**
26 April 2017	26 April 2017
Almaty, Kazakhstan	Almaty, Kazakhstan

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INDEPENDENT AUDITORS REPORT

To the Shareholder and the 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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, 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 Matters

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

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Estimation of Incurred but not reported reserves	
The estimation of Incurred but not reported reserves ("IBNR"), involves a significant degree of judgement given the inherent uncertainty in estimating the expected payments for claims. The reserves are based on the best-estimate of expected payments for claims incurred at the reporting date but not settled, regardless of whether they were reported or not. A range of statistical methods, may be used to determine these reserves. Lines of business where there is a greater length of time between the initial accident event and settlement also tend to display greater variability between initial estimates and actual settlement. The valuation of reserves relies on the quality of the underlying data. It involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can result in material impacts to the estimate (as disclosed in Note 12). Based on the above this matter was determined as a key audit matter.	We performed a risk-based assessment to determine those lines of business where claims estimates of higher risk. • We involved our actuarial specialists to evaluate and assess the Company's methodology, models and assumptions used for the valuation of reserves; • We have used our industry knowledge to benchmark the Company's reserving methodologies and estimates of claims reserves. • We have assessed the key assumptions and reserving methodologies driving the value of IBNR reserve; • We challenged these assumptions by comparing them with our expectations based on the Entity's historical experience and current trends. For some lines of business we also performed our own independent actuarial projections and compared the results with the Company; and • We reconciled inputs from the claims database with the data used in the actuarial reserving calculations.

Other Information

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 auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 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.

Mark Smith
Engagement Partner
Chartered Accountant
Institute of Chartered
Accountants of Scotland
License #M21857
Glasgow, Scotland

Deloitte, LLP
State license on auditing in the Republic of Kazakhstan
0000015, type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan
dated 13 September 2006

Nurlan Bekenov
Qualified Auditor
of the Republic of Kazakhstan
Qualification certificate No. 0082
Dated 13 June 1994
General Director
Deloitte, LLP

26 April 2017
Almaty, Kazakhstan

Joint Stock Company "Insurance Company "Amanat"

Statement of Financial Position
As at 31 December 2016
(in Kazakhstani Tenge and in thousands)

	Notes	31 December 2016	31 December 2015
ASSETS:			
Cash and cash equivalents	4	349,969	828,629
Securities under reverse repurchase agreements		287,360	-
Term deposits in banks	5	1,362,658	1,476,421
Financial assets at fair value through profit or loss	6	2,507,023	1,849,970
Investments available-for-sale	7	17,666	27,078
Investments held-to-maturity	8	247,121	247,458
Insurance and reinsurance premium receivables	9	592,967	1,027,539
Other insurance and reinsurance receivables	10	162,448	52,595
Deferred acquisition costs		459,289	419,864
Unearned premiums reserve, reinsurers' share	11	1,602,996	1,707,342
Reserves for claims and claims' adjustment expenses, reinsurers' share	12	404,976	325,515
Property, equipment and intangible assets	13	813,708	817,726
Deferred income tax asset	14	2,900	-
Current income tax assets		34,479	12,243
Other assets	15, 28	53,075	314,251
TOTAL ASSETS		**8,898,635**	**9,106,631**
LIABILITIES AND EQUITY			
LIABILITIES:			
Insurance and reinsurance payable	16	321,414	857,681
Unearned premiums reserve	11, 28	3,753,843	3,483,933
Reserves for claims and claims' adjustment expenses	12	1,399,727	1,295,894
Deferred income tax liability	14	-	7,418
Other liabilities	17, 28	142,159	151,560
Total liabilities		**5,617,143**	**5,796,486**
EQUITY:			
Share capital	18, 26	1,330,000	1,240,000
Additional paid-in-capital		349,306	349,306
Property and equipment revaluation reserve		239,801	227,011
Retained earnings		1,362,385	1,493,828
Total equity		**3,281,492**	**3,310,145**
TOTAL LIABILITIES AND EQUITY		**8,898,635**	**9,106,631**

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

26 April 2017
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

26 April 2017
Almaty, Kazakhstan

The notes on pages 8-51 form an integral part of these financial statements.

Joint Stock Company "Insurance Company "Amanat"

Statement of Profit or Loss and Other Comprehensive Income
For the year Ended 31 December 2016
(in Kazakhstani Tenge and in thousands, unless otherwise indicated)

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
Premiums written, gross	19, 28	9,606,833	10,722,205
Ceded reinsurance premiums	19	(4,824,513)	(6,178,288)
PREMIUMS WRITTEN, NET OF CEDED REINSURANCE		4,782,320	4,543,917
Change in unearned premiums reserve, net	11, 19	(374,256)	(192,395)
PREMIUMS EARNED, NET OF REINSURANCE		4,408,064	4,351,522
Claims paid, gross	20, 28	(1,737,782)	(1,595,186)
Claims paid, reinsurers' share	20	87,470	189,983
Change in reserves for claims and claims' adjustment expenses, gross	20	(103,833)	(867,943)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	20	79,461	93,906
CLAIMS INCURRED, NET OF REINSURANCE		(1,674,684)	(2,179,240)
Commission income	21	60,008	33,201
Commission expense	21	(955,430)	(739,668)
NET COMMISSION EXPENSE		(895,422)	(706,467)
Investment income	22	500,771	54,690
Provision for impairment losses on securities		(9,412)	-
Other operating income		71,920	13,132
OTHER INCOME		563,279	67,822
Salaries and benefits	28	(1,210,799)	(1,458,932)
Administrative and operating expenses	23, 28	(734,849)	(787,285)
Provision for impairment losses on other operations	24	(46,917)	(22,776)
Depreciation and amortization	13	(83,304)	(49,117)
Net (loss)/gain from operations with foreign currencies	25	(169,842)	1,522,918
OPERATING EXPENSES		(2,245,711)	(795,192)
PROFIT BEFORE INCOME TAX		155,526	738,445
Income tax expense	14	(1,399)	(33,558)
NET PROFIT		154,127	704,887
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property and equipment, net of income tax		17,220	222,582
OTHER COMPREHENSIVE INCOME		17,220	222,582
TOTAL COMPREHENSIVE INCOME		171,347	927,469

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

26 April 2017
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

26 April 2017
Almaty, Kazakhstan

The notes on pages 10-51 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 2016
(in Kazakhstani Tenge and in thousands)

	Share capital	Additional paid-in capital	Property and equipment revaluation reserve	Retained earnings	Total equity
As at 31 December 2014	**680,000**	**349,306**	**4,429**	**840,365**	**1,874,100**
Total comprehensive income	-	-	222,582	704,887	927,469
Fair value adjustment of accounts receivable from related parties	-	-	-	(51,424)	(51,424)
Issuance of ordinary shares	560,000	-	-	-	560,000
As at 31 December 2015	**1,240,000**	**349,306**	**227,011**	**1,493,828**	**3,310,145**
Total comprehensive income	-	-	17,220	154,127	171,347
Release of property and equipment revaluation reserve on disposal of previously revalued assets, net of income taxes	-	-	(4,430)	4,430	-
Issuance of ordinary shares	90,000	-	-	-	90,000
Dividends paid	-	-	-	(290,000)	(290,000)
As at 31 December 2016	**1,330,000**	**349,306**	**239,801**	**1,362,385**	**3,281,492**

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

26 April 2017
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

26 April 2017
Almaty, Kazakhstan

The notes on pages 10-51 form an integral part of these financial statements.

Joint Stock Company "Insurance Company "Amanat"

Statement of Cash Flows
For the year Ended 31 December 2016
(in Kazakhstani Tenge and in thousands)

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expense		155,526	738,445
Adjustments for:			
Change in unearned premiums reserve, net	19	374,256	192,395
Change in reserves for claims and claims' adjustment expenses, net of reinsurers' share	20	24,372	774,037
Depreciation and amortization	13	83,304	49,117
Provision for impairment losses on securities		9,412	-
Provision for impairment losses on other transactions	24	46,917	22,776
Unrealized (gain)/loss on revaluation of financial assets at fair value through profit or loss	22	(157,629)	121,421
Change in deferred acquisition costs		(39,425)	(147,094)
Unrealized loss/(gain) on foreign exchange operations	25	89,015	(1,506,169)
Net change in accrued interest income		(30,059)	(42,564)
Premium amortization on investments held-to-maturity		808	6,177
Loss on disposal of property and equipment		7,657	3,117
Cash inflow from operating activities before changes in operating assets and liabilities		564,154	211,658
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Purchase and redemption of financial assets at fair value through profit or loss		(497,629)	(292,877)
Insurance and reinsurance premium receivables		387,655	(749,866)
Other insurance and reinsurance receivables		(109,853)	(41,794)
Other assets		256,322	(295,109)
Increase/(decrease) in operating liabilities:			
Insurance and reinsurance payable		(536,267)	741,226
Other liabilities		(9,403)	(102,834)
Cash inflow/(outflow) from operating activities before taxes paid		44,763	(529,596)
Income taxes paid		(33,953)	(9,108)
Net cash inflow/(outflow) from operating activities		21,026	(538,704)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash placed as term deposits in banks		(4,673,411)	(1,434,842)
Cash withdrawn from term deposits in banks		4,726,954	2,030,179
Proceeds from redemption of held to maturity investments		76,003	-
Purchase of held to maturity investments		(79,745)	-
Purchase of property, equipment and intangible assets	13	(75,795)	(130,979)
Proceeds on disposal of property and equipment		6,072	1,908
Net cash (outflow)/inflow from investing activities		(19,922)	466,266
CASH FLOWS FROM FINANCING ACTIVITIES:			
Ordinary shares issued		90,000	560,000
Dividends paid		(290,000)	-
Net cash (outflow)/inflow from financing activities		(200,000)	560,000
NET CHANGE IN CASH AND CASH EQUIVALENTS		(198,896)	487,562
Effect of changes in foreign exchange rate on cash and cash equivalents		7,596	51,097
CASH AND CASH EQUIVALENTS, beginning of the year	4	828,629	289,970
CASH AND CASH EQUIVALENTS, end of the year	4	637,329	828,629

Interest received by the Company during the years ended 31 December 2016 and 2015 amounted to KZT 295,090 thousand and KZT 145,246 thousand, respectively.

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

26 April 2017
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

26 April 2017
Almaty, Kazakhstan

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The notes on pages 10-51 form an integral part of these financial statements.

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 license # 2.1.52 dated 9 November 2015 for voluntary and compulsory general insurance and reinsurance and is regulated by the National Bank of Republic of Kazakhstan ("the NBRK").

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

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

As at 31 December 2016 and 2015, the number of employees of the Company was 326 and 397, respectively.

As at 31 December 2016 and 2015, the Company had 15 and 16 branches in the Republic of Kazakhstan, respectively.

As at 31 December 2016 and 2015, Idrisov D.A. was the sole shareholder 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 on the assumption that the Company is a going concern and will continue in operation for the foreseeable future.

These financial statements are presented in thousands of Kazakhstani tenge ("KZT thousand"), unless otherwise indicated. These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The principal accounting policies are set out below.

Critical accounting judgments and key sources of estimation uncertainty

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

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

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.

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' line item, respectively, in the statement of comprehensive income. Fair value is determined in the manner described (see Note 30).

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, (2) held to maturity investments or (c) financial assets at fair value through profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

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 revaluation reserve, 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 revaluation 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 cash equivalents

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

Securities repurchase and reverse repurchase agreements and securities lending transactions

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 and other assets.

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.

Term deposits in banks

In the normal course of business, the Company maintains deposits for various periods of time with banks. Term deposits in 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 comprehensive income.

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