

**JOINT STOCK COMPANY
UNIFIED ACCUMULATIVE
PENSION FUND**

Pension Plan Assets

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2019

Joint Stock Company Unified Accumulative Pension Fund

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Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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 Unified Accumulative Pension Fund ("the Fund") is responsible for the preparation of the financial statements that present fairly the financial position of the pension assets as at 31 December 2019, and the results of its operations, cash flows and changes in net assets available for benefits for the year then ended, in accordance with Financial Reporting Standard "Accounting and disclosure of operations with pension assets" approved by Regulation No. 195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 ("the FRS"). The FRS sets out certain specific accounting and financial reporting requirements in respect of the pension assets, and stipulates that International Financial Reporting Standards ("IFRS") apply for those areas not specifically addressed by the FRS. In preparing the financial statements, the Fund, as a reporting organization, in accordance with IAS 26 Accounting and Reporting by Retirement Benefit Plans, for pension assets uses the concept of "Pension Plan Assets" ("Plan").

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 FRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Plan's financial position and financial performance; and
- Making an assessment of the Plan'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 Plan;
- Maintaining adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the Plan, and which enable them to ensure that the financial statements of the Plan comply with FRS;
- Maintaining 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 Plan; and
- Detecting and preventing fraud and other irregularities.

The financial statements of the Plan for the year ended 31 December 2019 were authorised for issue by the Management of the Fund on 16 March 2020.

On behalf of the Management Board:



Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2020
Almaty





Sarinova Amankul Zhaksylykovna
Chief Accountant

16 March 2020
Almaty

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Joint Stock Company Unified Accumulative Pension Fund

Opinion

We have audited the financial statements of the Pension Plan Assets ("the Plan") of Joint Stock Company Unified Accumulative Pension Fund ("the Fund"), which comprise the statement of net assets available for benefits as at 31 December 2019, the statement of profit and loss, statement of cash flows and statement of changes in net assets available for benefits 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 Plan as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standard "Accounting and disclosure of operations with pension assets" approved by Regulation No. 195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 ("the FRS").

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 Plan 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.

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 FRSs, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

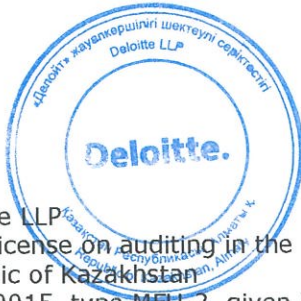
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan'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 Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan 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.



Deloitte LLP
State license on auditing in the
Republic of Kazakhstan
№0000015, type MFU-2, given by the
Ministry of Finance of the
Republic of Kazakhstan
dated 13 September 2006

16 March 2020
Almaty

A handwritten signature in blue ink, appearing to read "H. Bekenov".

Nurlan Bekenov
Engagement Partner
Qualified Auditor of the Republic of Kazakhstan
Qualification certificate №0082
dated 13 June 1994
General Director
Deloitte LLP



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets


Statement of Profit and Loss for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

	Notes	For the year ended 31 December 2019	For the year ended 31 December 2018
Interest income	4, 22	648,865,833	544,377,044
Dividend income	5, 22	19,198,440	10,497,413
Net gain on financial assets	6	23,433,149	38,770,101
Net (loss)/gain on foreign exchange operations	7	(7,114,453)	388,816,508
Net gain on assets under investment management of foreign organisations	15	12,941,942	12,276,250
Recovery of previously written-off impairment losses on financial assets		1,549,301	-
Impairment loss on financial assets	8	-	(18,482,244)
Other income		892,874	924,614
Total income		699,767,086	977,179,686
Commission expense	9, 22	(58,010,578)	(60,076,680)
Net profit for the year		641,756,508	917,103,006

On behalf of the Management Board:


Kurmanov Zhanat Bostanovych
Chairman of the Management Board

16 March 2020
Almaty


Sarinova Amankul Zhaksylykovna
Chief Accountant

16 March 2020
Almaty

The notes on pages 9-37 form an integral part of these financial statements.



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Statement of Net Assets Available for Benefits as at 31 December 2019


(in thousands of Kazakhstani Tenge)

	Notes	31 December 2019	31 December 2018
ASSETS			
Cash and cash equivalents	10, 22	521,573,950	133,804,275
Bank deposits	11, 22	721,328,727	774,879,787
Financial assets at fair value through profit or loss	12, 22	1,709,218,198	4,329,315,478
Derivative financial assets	13	19,073,193	-
Financial assets at amortised cost	14, 22	7,613,312,795	4,218,832,491
Assets under investment management of foreign organisations	15	211,885,192	82,797,250
Other assets	16	13,489,559	15,230,546
Total assets		10,809,881,614	9,554,859,827
LIABILITIES			
Commission payable	22	5,227,942	6,729,407
Claims of pension beneficiaries		2,275,305	85,276
Personal income tax payable from benefits paid		1,154,950	679,995
Derivative financial liabilities	13	675,371	-
Unsettled trades	17, 22	-	169,713,946
Other liabilities		8,652	9,036
Total liabilities		9,342,220	177,217,660
Net assets available for benefits		10,800,539,394	9,377,642,167

On behalf of the Management Board:


Kurmanov Zhanat Bostanovich
 Chairman of the Management Board

16 March 2020
 Almaty


Sarinova Amankul Zhaksylykovna
 Chief Accountant

16 March 2020
 Almaty

The notes on pages 9-37 form an integral part of these financial statements.



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

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

	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets available for benefits	1,422,897,227	1,596,904,228
<i>Adjustments for:</i>		
Interest income	(648,865,833)	(544,377,044)
Dividend income	(19,198,440)	(10,497,413)
Net gain on financial assets	(23,433,149)	(38,770,101)
Net loss/(gain) on unrealised foreign exchange operations	7,114,453	(388,816,508)
Net gain on assets under investment management of foreign organisations	(12,941,942)	(12,276,250)
Recovery of previously written-off impairment losses	(1,549,301)	-
Impairment losses on financial assets	-	18,482,244
Change in operating assets and liabilities		
Increase in other assets	(589,617)	(330,905)
(Decrease)/increase in commission payable	(1,501,465)	4,897,974
Increase/(decrease) in claims of pension beneficiaries	2,189,960	(687,538)
Increase/(decrease) in personal income tax payable from benefits paid	474,955	(304,542)
(Decrease)/increase in other liabilities	(443)	3,663
Cash inflows from operating activities	724,596,405	624,227,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	559,932,314	472,240,165
Dividends received	17,440,098	10,888,261
Proceeds from bank deposits	44,714,718,155	15,677,988,689
Placement of bank deposits	(44,662,997,172)	(15,784,432,626)
Proceeds from reverse repurchase agreements	268,786,388	6,513,019,846
Purchases of reverse repurchase agreements	(268,861,667)	(6,499,292,359)
Sales and repayment of financial assets at fair value through profit or loss	8,311,797,079	18,650,866,589
Purchases of financial assets at fair value through profit or loss	(8,978,824,180)	(18,165,574,331)
Sales of derivatives	1,403,107	5,221,108
Sales and repayment of financial assets at amortised cost	584,161,046	333,548,605
Purchases of financial assets at amortised cost	(766,146,032)	(1,671,341,542)
Placement of assets to investment management of foreign organisation	(116,146,000)	(70,521,000)
Cash outflows from investing activities	(334,736,864)	(527,388,595)
Net increase in cash and cash equivalents	389,859,541	96,839,213
Cash and cash equivalents at the beginning of the year (Note 10)	133,804,275	30,390,232
Effect of changes in exchange rates on cash and cash equivalents	(2,089,866)	6,574,830
Cash and cash equivalents at the end of the year (Note 10)	521,573,950	133,804,275

The amount of interest and dividend received by the Plan during the years ended 31 December 2019 and 2018 amounted KZT 577,372,412 thousand and KZT 483,128,426 thousand, respectively.

During 2019, in accordance with FRS, the Plan reclassified financial assets from "fair value" into "amortised cost" category and from "amortised cost" into "fair value" category. The effect of reclassification is disclosed in Note 12.

On behalf of the Management Board:


Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2020
Almaty


Sarinova Amankul Zhaksylykovna
Chief Accountant

16 March 2020
Almaty

The notes on pages 9-37 form an integral part of these financial statements.



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Statement of Changes in Net Assets Available for Benefits 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 for the year		641,756,508	917,103,006
Pension contributions received	18	991,331,093	848,439,707
Benefits paid	19	(210,190,374)	(168,638,485)
Change in net assets available for benefits		1,422,897,227	1,596,904,228
Net assets available for benefits at the beginning of the year		9,377,642,167	7,780,737,939
Net assets available for benefits at the end of the year		10,800,539,394	9,377,642,167

On behalf of the Management Board:



Kurmanov Zhanat Bostanovich
Chairman of the Management Board

16 March 2020
Almaty



Sarinova Amankul Zhaksylykovna
Chief Accountant

16 March 2020
Almaty

The notes on pages 9-37 form an integral part of these financial statements.



Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

1. Organization

These financial statements reflect Pension Plan Assets (hereinafter - "the Plan") as a reporting organization, in accordance with International Financial Reporting Standards (hereinafter - "IFRS") (IAS) 26 "Accounting and Reporting by Retirement Benefit Plans", are regulated by the pension legislation of the Republic of Kazakhstan and represents a defined contribution plan where pension contributions are accumulated and out of which benefits are paid.

On 21 June 2013, there were amendments enacted to the Law "On pensions in the Republic of Kazakhstan" (hereinafter - "the Law on pensions"). In accordance with the amended Law on pensions all mandatory pension, mandatory professional pension contributions in the Republic of Kazakhstan are performed by the Fund.

The Fund is a non-for-profit organisation. Its sole shareholder is the Government of the Republic of Kazakhstan, represented by the Committee of State Property and Privatisation of the Ministry of Finance of the Republic of Kazakhstan (hereinafter - the "CSPP").

In accordance with the Law on pensions and the Agreement on fiduciary management signed by National Bank of the Republic of Kazakhstan (hereinafter - "the NBRK") No. 362 dated 26 August 2013, the state portfolio of shares of the Fund was passed under the fiduciary management to the NBRK (hereinafter - "the Trustee").

The NBRK performs fiduciary management in respect of pension assets in accordance with the Investment Declaration approved by the Resolution of the NBRK Board No. 86 dated 17 March 2016 and amendments approved by the Resolution of the NBRK Board No. 165 dated 28 August 2017, No. 326 dated 28 December 2018 and No. 135 dated 13 August 2019. The investment declaration regulates the list of investment objects, goals, strategies and restrictions for the investment activity of the Plan, the conditions for hedging and diversification of pension assets of the Plan, taking into account the recommendations of the Council for National Fund of the Republic of Kazakhstan Management headed by the President of the Republic of Kazakhstan.

In addition, the NBRK may entrust pension assets to another party to take actions necessary to manage the pension assets of the Plan entrusted in accordance with the investment management agreement.

All employers' of Republic of Kazakhstan are liable to make mandatory contributions on behalf of their employees equal to 10% of employee's income, but not less than 10% of the minimum salary, established for the relevant financial year by the Law of Republic of Kazakhstan "On the Republican budget". Starting from 1 January 2019, a new type of tax regime was introduced for civilians carrying out entrepreneurial activities without registering as an individual comprehensive payment (ICP), 30% of which were accrued to individual pension accounts in the form of mandatory pension contributions. Additional voluntary contributions can be made by individuals and legal entities. Mandatory professional pension contributions are made by the employers at their own expense for the benefit of employees engaged in jobs with hazardous working conditions, in the amount of 5% of monthly income of the employee.

The pension provision system in Kazakhstan is a multi-level system, which consists of the solidarity and base component, the accumulative mandatory and voluntary savings components. The solidarity component is calculated, if there is a work experience not less than 6 months as at 1 January 1998, and guaranteed by the Government of the Republic of Kazakhstan and is calculated and provided by the State Corporation "Government for Citizens" (hereinafter - the "GC"). The mandatory accumulative pension component is based on savings adjusted for inflation are also guaranteed by the Government. Thus, if at the moment of occurrence of the right to receive pension from the Plan, the amount of accumulated pension is less than all the pension contributions made adjusted for the inflation rate, the Government guarantees to pay the difference.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

Each participant has an individual pension account, which is credited with his/her contribution and allocation of the Plan's investment income and is charged with an allocation of commission expense. The amount of allocated investment income and charged commission expense are determined in accordance with the pension legislation of Republic of Kazakhstan. When the conditions defined by the Law on pensions are met, participants are entitled to receive pension benefits up to the amount of pension savings, accumulated on their individual pension accounts.

When a participant reaches pension age, payments of pension accumulations from the Plan are performed in accordance with schedule, within the limits of annual payment amount, defined by the pension legislation for the corresponding year.

On termination of service due to death or emigration outside the Republic of Kazakhstan, a participant (heir, in case of death) is entitled to receive a lump-sum amount accumulated on the individual pension account as it was defined by the legislation of Republic of Kazakhstan.

When a participant reaches age, as defined in the Law on pensions and sufficiency of pension accumulations on his/her pension account, he/she has an option either to transfer the accumulated pension benefits to any insurance company as a contribution towards a pension annuity agreement.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared assuming that the Plan is a going concern and will continue operation for the foreseeable future.

Statement of compliance

The accompanying financial statements are prepared in accordance with Financial Reporting Standard "Accounting and disclosure of operations with pension assets" approved by Regulation No. 195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 (hereinafter - "the FRS"). The FRS sets out certain specific accounting and financial reporting requirements in respect of the Plan, and stipulates that International Financial Reporting Standards (hereinafter - "IFRS") apply for those areas not specifically addressed by the FRS. Specifically, the FRS establishes and stipulates guidelines on accounting of pension plan assets, initial recognition and subsequent accounting of financial assets, reclassification and derecognition of financial assets, impairment of financial assets at amortised cost and other financial assets, and defines the fair value of financial assets at fair value through profit or loss.

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

These financial statements have been prepared on the cost basis of account arrangement or purchase price of financial instruments, except for certain financial instruments that are measured at amortised cost or fair value at the end of each reporting period, as explained below.

Functional currency

Items included in the financial statements are measured using the currency of the primary of the economic environment in which the Plan operates (hereinafter - "the functional currency").

The presentational currency of the financial statements of the Plan is the KZT. All values are rounded to the nearest thousand Tenge, except when otherwise indicated.

Stipulations of accounting policy, described further, were implemented by the Plan subsequently in all reporting periods, presented in these financial statements.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

Foreign currencies

In preparing financial statements, transactions in currencies other than the Plan's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

The exchange rates used by the Plan in the preparation of the financial statements as at year-end are as follows:

	31 December 2019	31 December 2018
1 United States Dollar (USD)	382.59	384.20
1 Russian Rouble (RUB)	6.16	5.52
1 Pound Sterling (GBP)	503.41	488.13
1 Japanese Yen (JPY)	3.52	3.48
1 Euro (EUR)	429	439.37

Cash and cash equivalents

Cash and cash equivalents comprise current accounts at the NBRK.

Financial instruments

Classification

In accordance with the FRS the financial assets of the Plan are classified into one of the following categories:

- 1) measured at amortised cost;
- 2) measured at fair value.

The classification is performed in accordance with the Rules "On accounting and valuation of pension assets" developed by the NBRK in Decree No. 24 dated 26 February 2014 (hereinafter - "the Valuation Rules"). Deposits and receivables, and securities that have fixed redemption value and that have been acquired to match obligations of the Plan, are classified to the category "at amortised cost".

According to the FRS the reclassification of financial instruments between these categories is allowed at any time.

According to the FRS it is allowed to sell financial assets at amortised cost directly from this category.

Recognition

Financial assets and liabilities are recognised in the statement of net assets available for benefits when the Plan becomes a party to the contractual provisions of the instrument. Financial assets are recognised at the trade date.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

Measurement

A financial asset or liability is initially measured at its fair value. In the case of a financial asset or liability measured not at fair value, change of which reflected in profit or loss, such financial assets or liability is initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- deposits, receivables and financial instruments, which are measured at amortised cost using the effective interest method.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost.

Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles

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 in the principal, or in its absence, the most advantageous market to which the Plan has access at that date. The fair value of a liability reflects its non-performance risk.

At subsequent measurement, fair values of the financial assets classified into the fair value through profit or loss category are determined in accordance with the Valuation Rules. Valuation Rules are also applied to determine fair value of financial assets classified into the "amortised cost" category.

Assessment of ordinary and preference shares of the first class of liquidity of organisations-residents of the Republic of Kazakhstan is performed weekly as at the end of the first working day of the week at the closing price of the previous trading day in the trading system of trades organiser.

Assessment of the Global Depositary Receipts (hereinafter - "GDR") of organisations-residents and organisations-non-residents of the Republic of Kazakhstan is performed weekly as at the end of the first working day of the week at the closing price of the previous trading day according to the data of Bloomberg and Reuters informational-analytical systems.

Assessment of debt securities traded on the territory of the Republic of Kazakhstan and international (foreign) markets, classified "at fair value" is performed weekly as at the end of the first working day of the week at the closing price of the previous trading day according to the data of Bloomberg and Reuters informational-analytical systems.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

Assessment of shares (GDRs) of organisation-residents of the Republic of Kazakhstan that are not considered as liquid, debt securities traded exclusively on the territory of the Republic of Kazakhstan, which have no market rates in Bloomberg and Reuters informational-analytical systems, structural notes is performed by an appraiser not less than twice per year in accordance with the Law of the Republic of Kazakhstan dated 30 November 2000 "On appraising activity in the Republic of Kazakhstan".

Gains and losses on subsequent measurement

A gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in statement of profit and loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in the statement of profit and loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

Derecognition

The Plan derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Plan is recognised as a separate asset or liability in the statement of net assets available for benefits. The Plan derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Plan writes off assets when 180 days pass after the carrying amount becomes nil either as a result of impairment or fair value adjustment.

Amounts receivable under reverse repurchase agreements

Securities purchased under agreements to resell ("the reverse repo") are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the reverse repo agreement.

Assets under investment management of foreign organisations

Accounting of pension assets, transferred by the NBRK to another party ("the asset manager"), in accordance with the investment management agreements dated 6 May 2018, 30 January 2019 and 7 November 2019 are carried out on the basis of the total amount transferred to asset manager without specification of financial instruments. Accounting is performed based of foreign custodian reports.

The change in value of pension assets is recognised in the statement of profit or loss as gain/loss on assets under investment management of foreign organisations.

Revaluation of assets under investment management of foreign organisations is carried out at least 1 (one) time per month.

Derivative financial instruments

Derivative financial instruments include swap, forward, futures, spot transactions and options in interest rate, foreign exchange, precious metals and stock markets, and any combinations of these instruments.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

The Pension Plan assets are invested in derivative financial instruments in accordance with the Investment Declaration, according to which the investment limit is set at no more than 10% of the Pension Plan assets.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in profit or loss. Derivatives may be embedded in another contractual arrangement ("the host contract"). An embedded derivative is separated from the host contract and it is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment

Objective evidence that financial assets are impaired include default or delinquency by a borrower, bankruptcy or liquidation of the borrower.

Impairment test of the Plan's financial assets is performed according to the Methodology on impairment of pension assets ("Methodology"), approved by the minute of NBRK Committee on valuation of financial instruments comprising of the Plan's pension assets No. 1 dated 13 July 2015 (with amendments dated 13 August 2019). According to the Methodology, impairment test is performed based on the following major criteria:

- the presence of the guarantee or surety of the Government of the Republic of Kazakhstan;
- the availability of collateral;
- measures taken by the issuer of the security to improve its financial situation and (or) execution of obligations: a partial fulfilment of the obligations, additional capitalisation of the share capital, the appropriation/upgrade by international rating agencies, the initiation of the procedure of restructuring and optimisation of the debt burden, or other specific measures.

The Plan monthly assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the Plan determines the amount of any impairment loss.

The amount of the decrease in the value of a financial instrument classified as "at fair value" is calculated from the carrying amount of the asset.

The amount of provisions for impairment losses for financial instruments classified as "at amortized cost" is calculated as a percentage of amortised cost excluding reserves (provisions) for impairment losses and taking into account accumulated interest.

Depending on the identified impairment indicators and the presence of one of the above criteria, the size of reserves (provisions) or the size of the negative adjustment of the value of financial instruments is determined.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
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(in thousands of Kazakhstani Tenge)

All impairment losses are recognised in the statement of profit and loss.

Taxation

The Plan is not subject to Income taxes.

Income and expense recognition

Interest income is recognised in the statement of profit and loss using the effective interest method. Interest income in respect of the securities that are in default for more than 180 days is not recognised.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in gains less losses from financial instruments at fair value through profit or loss, respectively.

Dividend income is recognised in the statement of profit or loss on the date that the dividend is declared.

Commission expense

Commission expense is recognised using the accrual method when the corresponding service is provided in accordance with the Rules for charging commissions by the unified accumulative pension fund approved by the Resolution of the National Bank of the Republic of Kazakhstan No. 185 dated 26 July 2013. The basis for calculating the expense is explained in details in Note 9.

Pension contributions, transfers and benefits paid

Pension contributions are accounted for when contributions are received by the Plan's custodian. Benefits paid and pension transfers are recognised when the Plan has an obligation to pay or transfer pensions, which arise at the request of one of the Plan's participants in accordance with the pension legislation.

3. Critical accounting judgements and key sources of estimation uncertainty

The application of Plan's accounting policy the Plan's management is required to make judgments, estimates and assumptions that affect the reported 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.

Fair value measurement and valuation process

Part of financial assets and financial liabilities of the Plan are measured at fair value. In estimating the fair value of a financial asset or a liability, the Plan uses available market-observable data. Where such Level 1 inputs are not available, the Plan engages independent appraisers. Information about valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in Note 23.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

4. Interest income

	Year ended 31 December 2019	Year ended 31 December 2018
Interest income comprises:		
Financial assets recorded at amortised cost:		
- unimpaired financial assets	428,076,443	455,016,748
- impaired financial assets	-	825,208
Financial assets at fair value	220,789,390	88,535,088
Total interest income	648,865,833	544,377,044
Financial assets recorded at amortised cost comprises:		
Financial assets at amortised cost	381,074,337	409,253,141
Bank deposits	46,875,094	43,884,927
Amounts receivable under reverse repurchase agreements	127,012	2,703,888
Total interest income on financial assets recorded at amortised cost	428,076,443	455,841,956
Financial assets at fair value:		
Financial assets at fair value through profit or loss	220,789,390	88,535,088
Total interest income on financial assets at fair value	220,789,390	88,535,088
Total interest income	648,865,833	544,377,044

5. Dividend income

	Year ended 31 December 2019	Year ended 31 December 2018
Equity Securities:		
Ordinary shares of JSC Halyk Bank	7,740,630	4,519,738
GDR of JSC National Atomic Company Kazatomprom	3,919,405	-
Ordinary shares of JSC Atameken-Agro	1,760,495	-
Ordinary shares of JSC KEGOC	1,171,598	1,683,452
Ordinary shares of JSC KazTransOil	1,094,244	1,161,586
GDR of JSC Halyk Bank	834,202	479,968
GDR of JSC Sberbank Russia	594,379	396,006
GDR of PJSC Gasprom	307,509	129,260
Ordinary shares of JSC Kazakhtelecom	286,720	585,800
Ordinary shares of RIOTINTO PLC	277,772	121,753
Preference shares of JSC Fincraft Resources	262,977	-
GDR of JSC Kcell	260,692	454,943
Preference shares of JSC Nurbank	120,398	-
Ordinary shares of JSC ForteBank	118,134	-
Ordinary shares of JSC Kcell	102,478	132,601
GDR of PJSC MMC Norilsk Nickel	101,578	77,211
Preference shares of JSC Atameken-Agro	-	193,353
Preference shares of JSC First Heartland Jysan Bank (JSC Tsesnabank)	-	96,868
Others - foreign equity	159,505	165,681
Others - domestic equity	85,724	299,193
Total dividend income	19,198,440	10,497,413

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

6. Net gain on financial assets

	Year ended 31 December 2019	Year ended 31 December 2018
Net (loss)/gain on operations with financial assets at fair value through profit or loss	(13,196,874)	34,642,005
Net gain on operations with financial assets at amortised cost	36,630,023	4,128,096
Total net gain on financial assets	23,433,149	38,770,101
	Year ended 31 December 2019	Year ended 31 December 2018
Net (loss)/gain on operations with financial assets at fair value through profit or loss comprises:		
Change in fair value, net	(32,997,803)	29,420,897
Dealing, net	19,800,929	5,221,108
Total net (loss)/gain on operations with financial assets at fair value through profit or loss	(13,196,874)	34,642,005
	Year ended 31 December 2019	Year ended 31 December 2018
Change in fair value, net:		
JSC Halyk Bank	23,264,188	12,367,962
JSC Kcell	7,794,045	1,608,397
PJSC Sberbank Russia	3,760,027	(2,395,055)
Government bonds of the Republic of Azerbaijan	3,648,043	(3,241,297)
Government bonds of the Ministry of Finance of the Republic of Kazakhstan	(68,717,721)	(8,076,653)
JSC National Atomic Company Kazatomprom	(4,889,862)	13,759,168
Other	2,143,477	15,398,375
Total change in fair value, net	(32,997,803)	29,420,897
	Year ended 31 December 2019	Year ended 31 December 2018
Net gain on operations with financial assets at amortised cost comprises:		
Dealing, net	36,630,023	4,128,096
Total net gain on operations with financial assets at amortised cost	36,630,023	4,128,096

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

	Year ended 31 December 2019	Year ended 31 December 2018
Dealing, net	258,858	-
Translation difference, net	(7,373,311)	388,816,508
Total net (loss)/gain on foreign exchange operations	(7,114,453)	388,816,508

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

8. Impairment loss on financial assets

	Bank deposits (Note 11)	Other assets (Note 16)	Total
31 December 2018	1,057,984	312,498	1,370,482
Write-off	(1,057,984)	(312,498)	(1,370,482)
31 December 2019	-	-	-

	Bank deposits (Note 11)	Financial assets at amortised cost (Note 14)	Other assets (Note 16)	Total
31 December 2017	-	-	2,570,909	2,570,909
Provision recognised	2,347,287	12,986,574	3,366,073	18,699,934
Recovery of provision	-	-	(217,690)	(217,690)
Write-off	(962,513)	(12,986,574)	(5,733,584)	(19,682,671)
Transfer	(326,790)	-	326,790	-
31 December 2018	1,057,984	-	312,498	1,370,482

9. Commission expense

	Year ended 31 December 2019	Year ended 31 December 2018
Commission expense on investment income	40,563,014	45,427,644
Commission expense on pension assets	17,447,564	14,649,036
Total commission expense	58,010,578	60,076,680

In accordance with the Law on pensions, the Fund is authorised to receive a commission from the Plan not exceeding 7.5% of investment income and not exceeding 0.025% per month of total pension assets.

In 2019, the Plan accrued commission expenses on investment income from pension plan assets of 5.0% (2018: 5.25%). The calculation and accrual of commission expense is made on a monthly basis and the investment income from the Pension Plan assets accrued for the month is used to calculate the results of which the value of the Pension Plan assets is calculated, which is used for the calculation of the commission expense of the Pension Plan assets.

In 2019, the Plan accrued commission expenses of 0.015% per month on pension plan assets (2018: 0.015% per month). The calculation is performed on a monthly basis and for the calculation uses the value of the pension Plan assets as at the beginning first day of the month preceding the month for which the calculation and accrual of commission expenses is made. In the calculation, the Plan uses the value of pension plan assets without accrual of investment income from pension plan assets estimated in accordance with the Valuation rules.

Commission expenses rates on pension plan assets and on investment income from pension plan assets for 2019 were determined in accordance with regulation No. 279 of the Management Board of the NBRK dated 29 October 2018.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

10. Cash and cash equivalents

	31 December 2019	31 December 2018
Current accounts with the National Bank of the Republic of Kazakhstan	521,573,950	133,804,275
Total cash and cash equivalents	521,573,950	133,804,275

As at 31 December 2019 and 2018, cash and cash equivalents are neither impaired nor past due.

11. Bank deposits

	31 December 2019	31 December 2018
National Bank of the Republic of Kazakhstan	138,000,000	154,070,583
BANK OF NOVA SCOTIA	129,212,529	-
CREDIT AGRICOLE CIB (HONGKONG BRANCH)	76,959,647	96,664,592
JSC Halyk Bank	66,847,576	74,437,890
JSC SB Sberbank of Russia	51,324,137	51,324,137
JSC Eurasian Bank	48,352,000	48,352,000
JSC ForteBank	41,174,027	41,174,027
BANK OF TOKYO-MITSUBISHI, LTD., THE(LONDON BRANCH)	38,387,487	-
Development Bank of Singapore Ltd.	31,787,519	103,821,555
Natixis (Capital Market) Paris	30,620,395	61,769,456
JSC ATF Bank	20,535,671	20,535,671
JSC Kaspi Bank	20,301,918	20,301,918
SOCIETE GENERALE PARIS	15,197,006	-
HSBC BANK PLC (ALL U.K. OFFICES)	6,254,678	-
JSC SB Alfa-Bank	3,197,444	3,211,183
JSC Bank RBK	3,176,693	3,176,693
MIZUHO CORPORATE BANK, LTD. (THE LONDON BRANCH)	-	77,058,343
JSC Tengri Bank	-	5,078,950
JSC Nurbank	-	4,946,335
ING BANK N.V.	-	3,841,148
JSC AsiaCredit Bank	-	2,206,133
JSC SO VTB Bank (Kazakhstan)	-	1,690,774
JSC Qazaq Banki	-	1,057,984
JSC Bank CenterCredit	-	756,871
JSC Bank Kassa Nova	-	461,528
	721,328,727	775,937,771
Less: provision for impairment loss	-	(1,057,984)
Total bank deposits	721,328,727	774,879,787

As at 31 December 2019, the accrued interest income amounted KZT 7,962,250 thousand (31 December 2018: KZT 8,353,934 thousand) and was included in the bank deposits.

The analysis of changes of allowance 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	1,057,984	-
Provision recognised	-	2,347,287
Write-off	(1,057,984)	(962,513)
Transfer to other assets (Note 16)	-	(326,790)
Balance at the end of the year	-	1,057,984

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

12. Financial assets at fair value through profit or loss

	31 December 2019	31 December 2018
Financial assets designated at fair value through profit or loss:		
Debt securities	1,440,829,739	4,084,487,084
Equity securities	268,388,459	244,828,394
Total financial assets at fair value through profit or loss	1,709,218,198	4,329,315,478
	31 December 2019	31 December 2018
Debt securities:		
Government bonds		
US treasury bills	924,572,284	580,119,986
Notes of NBRK	443,712,133	478,278,846
Bonds of Ministry of Finance of Russian Federation	3,530,620	17,818,604
Bonds of Ministry of Finance of the Republic of Kazakhstan	-	2,853,343,812
Government bonds of the Republic of Azerbaijan	-	83,917,607
Total government bonds	1,371,815,037	4,013,478,855
Corporate bonds:		
JSC ForteBank	22,042,978	19,460,035
Merrill Lynch	17,075,455	19,400,579
JSC Doszhan Temir Zholy	15,332,747	13,013,696
JSC KazExportAstyk	3,962,533	8,402,366
Bank of America, N.A.	3,738,153	3,728,691
Commerzbank AG	2,529,427	2,354,955
Societe Generale	2,278,118	2,191,661
JSC Bank CenterCredit	1,262,119	1,406,021
JSC Abdi	602,939	841,155
JSC Ekoton +	147,436	151,650
JSC Halyk Bank	42,797	57,420
Total corporate bonds	69,014,702	71,008,229
Total debt securities	1,440,829,739	4,084,487,084

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

	31 December 2019	31 December 2018
Equity securities:		
Ordinary shares of JSC Halyk Bank	91,214,494	70,376,545
GDR of JSC National Atomic Company Kazatomprom	62,122,186	68,818,166
GDR of JSC Kcell	24,444,569	18,882,643
Ordinary shares of JSC KEGOC	15,403,090	15,178,782
GDR of PJSC SB Sberbank of Russia	11,080,861	7,321,164
Ordinary shares of JSC KazTransOil	10,889,829	14,087,230
GDR of JSC Halyk Bank	10,040,016	7,609,258
Ordinary shares of JSC Kazakhtelecom	9,860,982	12,591,111
Ordinary shares of JSC Kcell	8,047,923	5,814,787
GDR of JSC Gasprom	6,194,225	3,291,809
Ordinary shares of PLC Rio Tinto	2,642,383	2,140,548
Ordinary shares of KAZ Minerals PLC	2,233,716	2,127,080
Ordinary shares of JSC ForteBank	1,953,401	1,209,249
Ordinary shares of JSC Bayan Sulu	1,510,120	2,400,536
GDR of PJSC MMC Norilsk Nickel	1,391,212	843,197
GDR of JSC VTB Bank	1,389,294	1,087,430
Ordinary shares of JSC Bank CenterCredit	1,148,194	1,221,747
Preferred shares of JSC Atameken Agro	1,107,174	-
GDR of NEWMONT MINING CORP	1,013,106	798,698
GDR of ORANGE	906,490	983,477
Ordinary shares of Mcmoran Copper	897,327	695,018
Preferred shares of JSC Nurbank	623,011	668,297
Ordinary shares of JSC KazTransCom	575,797	372,206
Ordinary shares of BARRICK GOLD CORP	476,349	343,193
Ordinary shares of CATERPILLAR INC	283,652	230,655
GDR of CHINA MOBILE LTD-SPON	270,373	306,297
Preferred shares of JSC Kazakhtelecom	230,680	239,587
GDR of POSCO	197,684	204,087
Ordinary shares of JSC ATF Bank	129,623	129,851
Ordinary shares of JSC Nurbank	55,956	69,994
GDR of VALE DE RIO DOCE SA	54,726	52,253
GDR of JSC Kazakhtelecom	16	21
Ordinary shares of JSC First Heartland Jysan Bank (JSC Tsesnabank)	-	4,482,700
Ordinary shares of JSC Aktobe plant of petroleum equipment	-	250,778
Total equity securities	268,388,459	244,828,394
Total financial assets at fair value through profit or loss	1,709,218,198	4,329,315,478

As at 31 December 2019, the accrued interest income of KZT 1,221,557 thousand (31 December 2018: KZT 100,580,983 thousand) was included in financial assets at fair value through profit or loss.

Reclassification

During the year ended 31 December 2019, securities with a total carrying amount of KZT 3,186,969,268 thousand were reclassified from "fair value" into "amortised cost" category, and securities with a total carrying amount of KZT 48,819,156 thousand were reclassified from "amortised cost" into "fair value" category. The reclassification of financial instruments is allowed at any time in accordance with FRS (Note 2). The net gain from reclassification in the total amount of KZT 277,348 thousand was included in the net gain on financial assets in the statement of profit or loss for the year ended 31 December 2019.

During the year ended 31 December 2018, securities with a total carrying amount of KZT 2,858,263,196 thousand were reclassified from "amortised cost" into "fair value" category. The reclassification of financial instruments is allowed at any time in accordance with FRS (Note 2). The net loss from reclassification in the total amount of KZT 22,736,852 thousand was included in the net gain on financial assets in the statement of profit or loss for the year ended 31 December 2018.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
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Revaluation

During 2019, In accordance with the Law of the Republic of Kazakhstan dated 30 November 2000 "On appraising activity in the Republic of Kazakhstan", the non-liquid pension assets of the Plan was revalued by independent appraiser as at 1 May and 1 October 2019 (2018: as at 1 April and 1 November 2018).

13. Derivative financial assets and liabilities

	31 December 2019	31 December 2018
Derivative financial assets		
USD/KZT	16,701,465	-
USD/JPY	2,371,728	-
Total derivative financial assets	19,073,193	-
Derivative financial liabilities		
EUR/USD	675,371	-
Total derivative financial liabilities	675,371	-

As at 31 December 2019, the derivative financial assets and liabilities represents currency swaps. For the year ended, the net gain from derivative financial assets and liabilities in the amount of KZT 19,800,929 thousand (Note 6) (as at 31 December 2018: KZT 5,221,108 thousand) was received.

14. Financial assets at amortised cost

	31 December 2019	31 December 2018
Financial assets at amortised cost:		
Government bonds	4,231,248,168	1,236,421,124
Corporate bonds	3,382,064,627	2,982,411,367
Total financial assets at amortised cost	7,613,312,795	4,218,832,491
	31 December 2019	31 December 2018
Government bonds:		
Ministry of Finance of the Republic of Kazakhstan	3,924,293,822	726,361,887
Government of the Russian Federation	100,259,887	227,085,385
Government of Republic of Indonesia	64,324,522	58,478,654
Government of the United Mexican States	41,875,716	89,384,775
Government of Republic of Philippines	25,211,337	23,227,077
Government of Republic of Peru	21,877,865	34,223,921
Government of Republic of Chili	20,073,150	20,142,766
Government of Republic of Poland	19,059,347	19,203,111
Government of Brazil	14,272,522	38,313,548
Total government bonds	4,231,248,168	1,236,421,124

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

	31 December 2019	31 December 2018
Corporate bonds:		
JSC National Managing Holding KazAgro	626,848,811	642,020,578
JSC Halyk Bank	501,881,010	567,716,810
European Bank for Reconstruction and Development	293,275,826	103,673,828
JSC KTZh	283,096,690	88,428,019
JSC Development Bank of Kazakhstan	274,609,943	221,951,679
JSC Kaspi Bank	190,148,222	192,805,825
JSC ATF Bank	150,744,304	119,261,636
JSC AstanaGas KMG	87,310,361	82,387,222
JSC National Managing Holding Baiterek	71,800,947	38,880,756
JSC KEGOC	68,483,463	68,930,221
JSC KazMunayGas	63,709,063	67,407,678
JSC Bank RBK	62,017,952	46,447,063
JSC Bank CenterCredit	60,398,270	71,593,080
JSC Samruk-Kazyna	60,288,000	59,627,417
JSC ForteBank	52,109,039	52,108,953
JSC JSC First Heartland Jysan Bank (JSC Tsesnabank)	43,366,636	60,076,948
Eurasian Development Bank	42,830,479	67,283,818
JSC Kazakhtelecom	38,356,532	-
SB JSC Sberbank of Russia	37,423,009	38,555,659
Sinopec Group Overseas Development	33,230,586	33,198,875
PJSC Gasprom	31,802,646	31,702,063
Subsidiary of State Grid Corporation of China	30,800,950	30,843,232
PERUSAHAAN LISTRIK NEGAR	23,387,624	23,490,976
Asian Bank of Development	20,757,357	-
PJSC Sberbank of Russia	19,727,560	20,133,278
JSC Nurbank	17,677,338	21,698,957
JSC Kazakhstan Mortgage Company	15,977,837	5,218,294
JSC Agrarian Credit Corporation	14,475,030	-
JSC Eurasian Bank	13,691,524	42,054,196
JSC Home Credit Bank	12,641,385	17,829,659
EXPORT-IMPORT BK INDIA	10,360,170	10,377,752
JSC AsiaCredit Bank	10,199,328	13,708,652
EXPORT-IMPORT BANK CHINA	9,816,885	9,798,222
AVI FUNDING CO LTD	9,528,416	9,545,717
EMPRESA NACIONAL DEL PET	9,457,169	9,467,572
THREE GORGES FIN I KY	9,119,802	9,089,206
INDIAN RAILWAY FINANCE	8,677,438	8,660,795
PERTAMINA PERSERO PT	7,760,348	7,816,928
JSC SB Alfa Bank	7,645,573	-
BANCO NACIONAL COM EXT	7,310,341	7,337,234
PELABUHAN INDONESIA III	6,834,733	6,863,945
PJSC Rosneft	6,305,316	6,213,218
JSC SevKazEnergo	5,815,729	6,086,429
International Financial Corporation (IFC)	4,836,084	-
CODELCO INC	4,813,157	4,806,167
Merrill Lynch	4,772,511	4,594,318
PJSC UNICREDITBA AG	3,432,974	2,781,409
Three Gorges Finance I (Cayman Islands) Ltd.	3,018,070	3,022,822
Morgan Stanley	2,762,755	2,890,265
JSC Kcell	2,630,972	2,630,972
Barclays Bank PLC	2,019,775	2,056,535
Southern Copper	558,713	560,643
Rongshi International Finance Ltd.	553,530	552,919
Citigroup Inc	406,418	382,834
Astrazeneca PLC	372,040	373,222
IBM CORP	187,986	187,010
JSC Mortgage Organisation Baspana (NBRK)	-	25,052,848
JSC Batys Transit	-	10,932,270
GOLDMAN SACHS	-	1,294,743
Total corporate bonds	3,382,064,627	2,982,411,367
Total financial assets at amortised cost	7,613,312,795	4,218,832,491

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Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

As at 31 December 2019, the accrued interest income amounted KZT 207,742,378 thousand (31 December 2018: KZT 78,972,441 thousand) is included in financial assets carried at amortised cost.

The analysis of changes of allowance 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	-	-
Provision recognised	-	12,986,574
Write-off	-	(12,986,574)
Balance at the end of the year	-	-

On 31 December 2018, the Plan ceased recognition of corporate bonds of JSC Eximbank Kazakhstan due to formed reserves in the amount of KZT 12,986,574 thousand.

15. Assets under investment management of foreign organisations

During 2019, the NBRK, in accordance with the Rules for the selection of foreign organisations managing pension assets of the JSC Unified Accumulative Pension Fund, including requirements for them, instructed by them to perform actions necessary to manage pension assets of the UAPF, approved by the Resolution of the Board of the NBRK No. 173 dated 27 September 2017, 30 January and 7 November 2019 (2018: 6 May) the NBRK concluded an Investment Management Agreement with a foreign organisations:

	31 December 2019	31 December 2018
Assets under investment management of foreign organisations:		
Aviva Investors Global Services Limited	96,950,819	82,797,250
HSBC Global Asset Management (UK) Limited	38,387,757	-
Principal Global Investors (Europe) Limited	38,287,616	-
PGIM Limited	38,259,000	-
Total assets under investment management of foreign organisations	211,885,192	82,797,250

For the year ended 31 December 2019 the net gain on assets under investment management of foreign organisations is KZT 12,941,942 thousand (31 December 2018: KZT 12,276,250 thousand).

16. Other assets

	31 December 2019	31 December 2018
Principal and interest on financial instruments – unimpaired	13,483,076	15,221,313
Overdue principal and interest on financial instruments - impaired	6,483	321,731
Other financial assets	13,489,559	15,543,044
Less: provision for impairment loss	-	(312,498)
Total other assets	13,489,559	15,230,546

As at 31 December 2019, other assets included accrued interest income for amount of KZT 6,483 thousand (31 December 2018: KZT 321,731 thousand).

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

As at 31 December 2019 and 2018, principal and interest on financial instruments – unimpaired, included short-term receivables on financial instruments, for which coupon period is due, but period of interest repayments is not due in accordance with the securities prospectus.

The analysis of changes of allowance 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	312,498	2,570,909
Provision recognised	-	3,366,073
Recovery of provision	-	(217,690)
Write-offs	(312,498)	(5,733,584)
Transfer from bank deposits (Note 11)		326,790
Balance at the end of the year	-	312,498

During the year 2018, the Plan wrote-off bonds of LLP Corporation APK-Invest due to formed reserves amounted KZT 4,980,000 thousand.

17. Unsettled trades

	31 December 2019	31 December 2018
NBRK	-	169,713,946
Total unsettled trades	-	169,713,946

As at 31 December 2019, no obligations on unsettled trades exist.

As at 31 December 2018, the unsettled trades included obligations to the NBRK on purchased securities for which the transaction date differs from the payment date for the asset being acquired. Transaction dates are - 28 and 29 December 2018, while payment dates are - 3 and 4 January 2019.

18. Pension contributions received

	31 December 2019	31 December 2018
Mandatory pension contributions	946,087,635	807,367,076
Mandatory professional pension contributions	43,400,169	39,509,525
Penalties for undue payments of pension contributions	1,318,426	1,147,567
Voluntary pension contributions	356,169	258,817
Other contributions	168,694	156,722
Total pension contributions received	991,331,093	848,439,707

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
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19. Benefits paid

	31 December 2019	31 December 2018
On retirement	68,199,288	75,038,173
To contributors leaving the Republic of Kazakhstan	45,462,762	32,382,471
To heirs	25,152,694	20,560,956
For burial services	3,204,381	2,436,767
To disabled people	1,886,316	1,943,495
By court order	86,173	22,269
On seniority	37,924	43,561
Total benefits paid	144,029,538	132,427,692
Transfers to insurance companies	56,920,947	26,081,293
Withholding tax deducted from benefits on payment	9,239,889	10,129,500
Total benefits paid	210,190,374	168,638,485

20. Risk management

Management of risk is fundamental to the business and is an essential element of the Plan's operations. The major risks faced by the Plan are those related to market risk, which includes price, interest and currency risks and credit risk and liquidity risk.

Risk management policies and procedures

The Plan's risk management policies aim to identify, analyse and manage the risks faced by the Plan, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. The Plan's risk management system complies with the requirements of the Investment Declaration. In accordance with clause 4.1.8 of the Agreement on State Procurement of Trust Management Services for Pension Assets of JSC Unified Accumulative Pension Fund dated 26 August 2013, the Trustee shall ensure the availability of a risk management system when performing investment activities. The risk management system adopts an integrated approach, which sets controls aimed at timely identification, assessment and prevention of events that might cause interruption to the Plan's normal operations. The Plan's risk management procedures are set and operated by the Fund. The Fund carries out post-monitoring of the portfolio of pension assets, in management reporting, in which methods for assessing investment risks using various instruments are detailed and widely used. Consideration of reporting on the condition and exposure of the portfolio of pension assets to financial risks is carried out on a monthly basis.

The Board of Directors of the Fund approves the Plan's internal policies and procedures and has overall responsibility for oversight of the risk management framework. The Board approves internal regulatory documents on minimizing non-financial risks, which use tools for self-assessment of operational risks, methods for monitoring key risk indicators, which are leading indicators and reflect potential sources of operational risks, management methods of the internal system, which are the separation of powers, determination of the responsibility of the subjects of internal control with subsequent control of operations at each stage of the process and following the hierarchy/sequence of mandatory approval procedures by responsible persons/managers and in the continuous monitoring of the internal control system in the Fund. The Fund appoints responsible officers within each function, whose duties are to develop and regularly update the business process matrix and assess potential and identified risks inherent in these business processes.

Based on the results of using the above tools, within the framework of the operational risk management system, a risk mitigation plan is developed and approved, aimed both at eliminating the causes of risk realization and minimizing the consequences in case of risk events and potential risks.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
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Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, and equity prices will affect the Plan's change in net assets available for benefits or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The management of interest rate risk by monitoring the interest rate gap is supplemented by monitoring the sensitivity of the net interest income of the Plan's change in net assets available for benefits to various standard and non-standard interest rate scenarios.

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Plan's change in pension assets or the value of its portfolios of financial instruments.

Interest rate sensitivity analysis

An analysis of sensitivity of the Plan's projected change in the net assets available for benefits of the Plan to changes in the market interest rate based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of financial assets at fair value through profit or loss existing as at 31 December 2019 and 2018 is as follows:

Impact on net profit for the year:

	Year ended 31 December 2019	Year ended 31 December 2018
100 bp parallel rise	(1,982,978)	(10,111,231)
100 bp parallel fall	2,130,433	11,354,137

Currency risk

The Plan has assets and liabilities denominated in several foreign currencies.

Currency risk arises in cases where existing or projected assets denominated in a foreign currency are greater or less than existing or projected liabilities expressed in the same currency. The Plan does not hedge its exposure to currency risk.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2019:

	KZT	USD	EUR	JPY	RUB	GBP	Other currencies	Total
Assets								
Cash and cash equivalents	12,219,559	214,264,389	170,581,207	124,174,531	233,681	100,583	-	521,573,950
Bank deposits	392,909,466	306,967,577	-	-	21,451,684	-	-	721,328,727
Financial assets at fair value through profit or loss	631,592,478	1,064,411,439	16	-	8,338,166	4,876,099	-	1,709,218,198
Derivative financial assets	16,701,465	2,371,728	-	-	-	-	-	19,073,193
Financial assets at amortised cost	6,144,993,849	1,462,123,217	-	-	3,432,974	-	2,762,755	7,613,312,795
Assets under investment management of foreign organisations	-	211,885,192	-	-	-	-	-	211,885,192
Other financial assets	13,481,729	7,830	-	-	-	-	-	13,489,559
Total assets	7,211,898,546	3,262,031,372	170,581,223	124,174,531	33,456,505	4,976,682	2,762,755	10,809,881,614
Liabilities								
Commission payable	5,227,942	-	-	-	-	-	-	5,227,942
Claims of pension beneficiaries	2,275,305	-	-	-	-	-	-	2,275,305
Derivative financial liabilities	-	675,371	-	-	-	-	-	675,371
Other financial liabilities	5,045	174	-	-	3,433	-	-	8,652
Total liabilities	7,508,292	675,545	-	-	3,433	-	-	8,187,270
Net position	7,204,390,254	3,261,355,827	170,581,223	124,174,531	33,453,072	4,976,682	2,762,755	10,801,694,344

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2018:

	KZT	USD	RUB	GBP	Other currencies	Total
Assets						
Cash and cash equivalents	13,371,878	120,428,183	2,239	-	1,975	133,804,275
Bank deposits	431,724,693	339,313,946	3,841,148	-	-	774,879,787
Financial assets at fair value through profit or loss	3,504,874,249	797,808,361	22,365,220	4,267,627	21	4,329,315,478
Financial assets at amortised cost	2,516,782,056	1,695,084,019	4,076,151	-	2,890,265	4,218,832,491
Assets under investment management of foreign organisations	-	82,797,250	-	-	-	82,797,250
Other financial assets	14,797,697	432,849	-	-	-	15,230,546
Total assets	6,481,550,573	3,035,864,608	30,284,758	4,267,627	2,892,261	9,554,859,827
Liabilities						
Commission payable	6,729,407	-	-	-	-	6,729,407
Claims of beneficiaries	85,276	-	-	-	-	85,276
Unsettled trades	169,713,946	-	-	-	-	169,713,946
Other financial liabilities	3,380	3,712	1,944	-	-	9,036
Total liabilities	176,532,009	3,712	1,944	-	-	176,537,665
Net position	6,305,018,564	3,035,860,896	30,282,814	4,267,627	2,892,261	9,378,322,162

The following table details the Plan's sensitivity to 10% an increase and decrease in the USD and other currencies against the KZT as at 31 December 2019 and 2018. The sensitivity rate is 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.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

Impact on net profit for the year:

	Year ended 31 December 2019
10% appreciation of USD against KZT	326,135,583
10% depreciation of USD against KZT	(326,135,583)
10% appreciation of other currencies against KZT	33,594,826
10% depreciation of other currencies against KZT	(33,594,826)
	Year ended 31 December 2018
10% appreciation of USD against KZT	303,586,090
10% depreciation of USD against KZT	(303,586,090)
10% appreciation of other currencies against KZT	3,744,270
10% depreciation of other currencies against KZT	(3,744,270)

Equity price risk

Equity price risk is the risk that the value of an equity financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market.

An analysis of the sensitivity of the statement of profit or loss of the Plan for the year to changes in equity securities prices based on positions existing as at 31 December 2019 and 2018 and a simplified scenario of a 5% change in equity securities at fair value through profit or loss prices is as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
5% increase in equity securities prices	13,419,423	12,241,420
5% decrease in equity securities prices	(13,419,423)	(12,241,420)

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a counterparty (issuer) on their obligation to the Plan. The Fund has developed policies and procedures for the management of credit exposures, including limits on individual financial instruments. The Fund continuously monitors limits for each issuer and regularly assesses the creditworthiness of each issuer. The review is based on the issuer's most recent financial statements and other information submitted by the issuer or otherwise obtained by the Fund.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the statement of net assets available for benefits. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	31 December 2019	31 December 2018
ASSETS		
Cash and cash equivalents	521,573,950	133,804,275
Bank deposits	721,328,727	774,879,787
Financial instruments at fair value through profit or loss	1,709,218,198	4,329,315,478
Financial instruments at amortised cost	7,613,312,795	4,218,832,491
Assets under investment management of foreign organisation	211,885,192	82,797,250
Derivative financial assets	19,073,193	-
Other financial assets	13,489,559	15,230,546

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)

for the Year Ended 31 December 2019

(in thousands of Kazakhstani Tenge)

As at 31 December 2019, the Plan has one counterparty (31 December 2018: one counterparty) - the Ministry of Finance of the Republic of Kazakhstan, the credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for this counterparty as at 31 December 2019 is KZT 3,924,293,822 thousand (31 December 2018: KZT 3,579,705,699 thousand).

Financial assets are graded according to the current credit rating assigned by Standard and Poor's or other agencies converted into Standard & Poor's scale. The highest possible rating is AAA.

The Plan discloses rating of the security for its debt securities, sovereign rating for government securities, and the issuer's rating for equity securities and deposits. In case of two or more ratings available, the highest is disclosed, either international or national scale rating.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

Below is a summary of credit ratings of financial assets held by the Plan as at 31 December 2019 and 2018:

	AAA	AA	AA-	A	BBB	BBB-	<BBB-	Not rated	Total
31 December 2019									
Cash and cash equivalents	-	-	-	-	-	521,573,950	-	-	521,573,950
Bank deposits	-	328,419,261	-	-	51,324,137	138,000,000	203,585,329	-	721,328,727
Financial assets at fair value through profit or loss	924,572,284	-	28,817,562	1,104,175	23,686,373	533,571,257	171,994,085	25,472,462	1,709,218,198
Derivative financial assets	-	-	2,371,728	-	-	16,701,465	-	-	19,073,193
Financial assets at amortised cost	318,869,267	-	226,273,938	73,383,059	1,036,775,588	4,620,004,588	1,338,006,355	-	7,613,312,795
Assets under investment management of foreign organisations	6,294,015	14,121,136	64,585,467	21,195,046	38,729,086	7,334,488	9,309,570	50,316,384	211,885,192
Other financial assets	-	-	-	-	8,958,235	-	4,524,842	6,483	13,489,559
	AAA	AA	AA-	A	BBB	BBB-	<BBB-	Not rated	Total
31 December 2018									
Cash and cash equivalents	-	-	-	-	-	133,804,275	-	-	133,804,275
Bank deposits	-	-	343,155,094	-	-	205,394,720	226,329,973	-	774,879,787
Financial assets at fair value through profit or loss	580,119,986	12,830,719	55,050,815	1,239,817	18,960,495	3,442,250,438	191,303,741	27,559,467	4,329,315,478
Financial assets at amortised cost	163,301,245	-	282,836,305	70,734,726	342,880,428	1,121,537,015	848,966,740	1,388,576,032	4,218,832,491
Assets under investment management of foreign organisations	-	5,531,872	18,062,047	4,168,870	9,295,016	19,786,331	20,379,570	5,573,544	82,797,250
Other financial assets	-	-	-	-	-	5,401,542	638,347	9,190,657	15,230,546

Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The Fund manages the liquidity risk of the Plan based on Investment Declaration's requirements. The Fund monitors liquidity risk through periodic reporting using gap analysis tools to monitor the availability of funds required to meet obligations as they occur.

Due to the specific operating activities of the Plan and structure of net assets available for benefits, the liquidity risk is negligible.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

The following table shows financial assets and financial liabilities by remaining expected maturity dates as at 31 December 2019:

Assets	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	521,573,950	-	-	-	-	-	521,573,950
Bank deposits	242,899,183	223,520,078	3,197,444	251,712,022	-	-	721,328,727
Financial instruments at fair value through profit or loss	559,369,782	390,541,625	428,599,547	31,467,939	30,613,977	268,625,328	1,709,218,198
Derivative financial assets	-	-	19,073,193	-	-	-	19,073,193
Financial instruments at amortised cost	54,119,330	74,080,208	277,478,731	1,981,626,128	5,226,008,398	-	7,613,312,795
Assets under investment management of foreign organisations	1,441,886	300,373	896,855	31,270,159	95,937,519	82,038,400	211,885,192
Other financial assets	-	13,489,559	-	-	-	-	13,489,559
Total financial assets	1,379,404,131	701,931,843	729,245,770	2,296,076,248	5,352,559,894	350,663,728	10,809,881,614
Liabilities							
Commission payable	5,227,942	-	-	-	-	-	5,227,942
Claims of pension beneficiaries	2,275,305	-	-	-	-	-	2,275,305
Derivative financial liabilities	-	311,597	363,774	-	-	-	675,371
Other financial liabilities	8,652	-	-	-	-	-	8,652
Total financial liabilities	7,511,899	311,597	363,774	-	-	-	8,187,270
Net position	1,371,892,232	701,620,246	728,881,996	2,296,076,248	5,352,559,894	350,663,728	10,801,694,344

The following table shows financial assets and financial liabilities by remaining expected maturity dates as at 31 December 2018:

Assets	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	133,804,275	-	-	-	-	-	133,804,275
Bank deposits	250,735,175	246,490,502	22,744,644	6,374,137	248,535,329	-	774,879,787
Financial instruments at fair value through profit or loss	734,467,537	285,977,032	187,471,161	981,928,672	1,894,320,419	245,150,657	4,329,315,478
Financial instruments at amortised cost	19,631,286	39,665,707	227,556,714	884,052,920	3,047,925,864	-	4,218,832,491
Assets under investment management of foreign organisations	307,755	207,359	3,056,065	21,008,074	52,644,453	5,573,544	82,797,250
Other financial assets	15,101,603	128,943	-	-	-	-	15,230,546
Total financial assets	1,154,047,631	572,459,543	440,828,584	1,893,363,803	5,243,426,065	250,724,201	9,554,859,827
Liabilities							
Commission payable	6,729,407	-	-	-	-	-	6,729,407
Claims of pension beneficiaries	85,276	-	-	-	-	-	85,276
Unsettled trades	169,713,946	-	-	-	-	-	169,713,946
Other financial liabilities	9,036	-	-	-	-	-	9,036
Total financial liabilities	176,537,665	-	-	-	-	-	176,537,665
Net position	977,509,966	572,459,543	440,828,584	1,893,363,803	5,243,426,065	250,724,201	9,378,322,162

The amounts in the tables shows the carrying amounts of financial assets and financial liabilities at the reporting date and do not include future accrued interest.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

The amounts in the tables above represent carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

21. Commitments and contingencies

Insurance

In the market of insurance services in the Republic of Kazakhstan, there is a significant improvement in the quality of services provided when concluding insurance contracts and regulating insurance claims, expanding the list of voluntary insurance products for the population, developing direct sales of insurance services, but many forms of insurance common in other parts of the world are not yet available in Kazakhstan. The Fund does not have full insurance coverage for the losses of the Plan caused by business stoppages or arising obligations to third parties in respect of damage to property or the environment caused by accidents or Plan activities. Until the Fund has adequate insurance coverage for the activities of the Plan, there is a risk that the loss or damage of certain assets may have a material adverse effect on the activities and financial position of the Plan.

Operating environment

Emerging markets such as 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 Republic of Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of 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 Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Management of the Plan is monitoring developments in the current environment and taking measures it considered necessary in order to support the sustainability and development of the Plan's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Plan might be significant.

22. Related party transactions

Control relationships

The Plan is managed by the NBRK on the basis of an agreement on trust services for the Plan concluded between the Fund and the NBRK. As at 31 December 2019 and 2018, the Fund was owned by the Government of the Republic of Kazakhstan, represented by CSPP.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
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Transactions with related parties

The outstanding balances as at 31 December 2019 and related statement of profit and loss amounts of transactions for the year ended 31 December 2019 with related parties of the Plan were as follows:

	NBRK	The Fund	Ministry of Finance of the Republic of Kazakhstan	Other related parties	Total	Total per financial statements caption
Statement of net assets available for benefits						
ASSETS						
Cash and cash equivalents	521,573,950	-	-	-	521,573,950	521,573,950
Bank deposits	138,000,000	-	-	-	138,000,000	721,328,727
Financial assets at fair value through profit or loss	443,712,133	-	-	98,506,783	542,218,916	1,709,218,198
Financial assets at amortised cost	-	-	3,924,293,822	1,604,956,678	5,529,250,500	7,613,312,795
LIABILITIES						
Commission payable	-	5,227,942	-	-	5,227,942	5,227,942
Statement of profit and loss						
Interest income	36,917,365	-	249,211,780	133,263,273	419,392,418	648,865,833
Dividend income	-	-	-	6,486,210	6,486,210	19,198,440
Commission expense	-	(58,010,578)	-	-	(58,010,578)	(58,010,578)

The outstanding balances as at 31 December 2018 and related statement of profit or loss amounts of transactions for the year ended 31 December 2018 with related parties of the Plan were as follows:

	NBRK	The Fund	Ministry of Finance of the Republic of Kazakhstan	Other related parties	Total	Total per financial statements caption
Statement of net assets available for benefits						
ASSETS						
Cash and cash equivalents	133,804,275	-	-	-	133,804,275	133,804,275
Bank deposits	154,070,583	-	-	-	154,070,583	774,879,787
Financial assets at fair value through profit or loss	478,278,846	-	2,853,343,812	110,914,897	3,442,537,555	4,329,315,478
Financial assets at amortised cost	-	-	726,361,887	1,299,904,712	2,026,266,599	4,218,832,491
LIABILITIES						
Unsettled trades	169,713,946	-	-	-	169,713,946	169,713,946
Commission payable	-	6,729,407	-	-	6,729,407	6,729,407
Statement of profit and loss						
Interest income	52,521,294	-	203,219,748	71,068,664	326,809,706	544,377,044
Dividend income	-	-	-	3,459,774	3,459,774	10,497,413
Commission expense	-	(60,076,680)	-	-	(60,076,680)	(60,076,680)

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
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23. Fair values of financial instruments

FRS 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 Plan's financial assets and financial liabilities measured at fair value on a recurring basis.

Some of the Fund's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Hierarchy of fair value estimates

Investments measured and reported at fair value are also classified and disclosed in one of the following categories:

- Level 1 – Quoted prices are available in active markets for identical investments;
- Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category are less liquid and restricted equity securities;
- Level 3 – data that is not available. This category includes tools evaluated using information that is not based on observable inputs, while such unobservable data has a significant impact on the valuation of the instrument. This category includes instruments valued on the basis of quotations for similar instruments for which significant unobservable adjustments or judgments are required to reflect the difference between the instruments. In accordance with the Valuation Rules, the carrying value of such financial instruments is determined based on the last fair value of these financial instruments determined by the valuations performed by the appraisers that were conducted as at 1 October 2019 and 1 November 2018, and as a result, the results of the valuation, are reflected as at 31 December 2019 and 2018, respectively. These estimates were made by independent appraisers, attracted by the NBRK, and the results were fully accepted by the NBRK and are reflected in the carrying amount of the assets at fair value through profit or loss.

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued) for the Year Ended 31 December 2019 (in thousands of Kazakhstani Tenge)

The table below provides an analysis of financial assets and liabilities as at 31 December 2019 and 31 December 2018 in terms of the levels of the hierarchy of fair value.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 December 2019	31 December 2018		
Non-derivative financial assets at fair value through profit or loss	1,637,760,148	4,251,626,462	Level 1	Quoted bid prices in an active market
Non-derivative financial assets at fair value through profit or loss	71,458,050	77,689,016	Level 3	Discounted Cash flows Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative financial assets	19,073,193	-	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative financial liabilities	675,371	-	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

As at 31 December 2019 and 2018, an independent appraiser has determined financial assets at fair value through profit or loss. The independent appraiser was hired by NBRK under the trust management agreement for the assets of the pension Plan.

According to the FRS, the assets under investment management of foreign organisations are reflected in the total amount; consequently, the Plan does not have the details in the context of each financial instrument.

During the years ended 31 December 2019 and 2018, there was no reclassification of financial instruments between Level 1 and 2.

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).

Except as detailed in the following table, the Plan considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	31 December 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
Bank deposits	721,328,727	633,700,288	774,879,787	668,243,108
Financial assets at amortised cost	7,613,312,795	6,256,893,361	4,218,832,491	3,475,055,651

Joint Stock Company Unified Accumulative Pension Fund

Pension Plan Assets

Notes to the Financial Statements (continued)
for the Year Ended 31 December 2019
(in thousands of Kazakhstani Tenge)

Reconciliation of Level 3 fair value measurements

	Financial assets at fair value through profit or loss – unlisted shares	
	2019	2018
Opening balance	77,689,016	94,450,973
Total net income/(losses) recognised in profit or loss	946,520	(5,778,369)
Repayments	(7,177,486)	(10,983,588)
Closing balance	71,458,050	77,689,016

The change in fair value included in net profit for the year relates to unlisted common and preferred stock, GDR, coupon bonds and notes.

24. Events after the reporting period

Change in the commission rate

In accordance with Article 53 of the Law of the Republic of Kazakhstan "On Pensions in the Republic of Kazakhstan" dated 21 June 2013, the Management Board of the NBRK issued a Resolution "On setting the commission fee of JSC "Unified Accumulative Pension Fund" for 2020 No. 179 dated 11 November 2019. In accordance with this Resolution, starting from 1 January 2020, the Plan pays a commission fee of 2% from the total amount of the investment income (2019 – 5%), and 0.011% from the total amount of the pension assets (2018 – 0.015%).

Repayment after the reporting period

As at the date of issue of these financial statements, receivables from other assets in the amount of KZT 13,363,365 thousand (Note 16) and payables on claims of pension beneficiaries and personal income tax payable from benefits paid in the total amount of KZT 3,430,255 thousand were repaid.