

REPORT ARCHIVE COPY

**UNIFIED ACCUMULATIVE  
PENSION FUND  
JOINT STOCK COMPANY**

Pension Plan Assets

Financial Statements and  
Independent Auditor's Report  
for the Year Ended 31 December 2018

# Unified Accumulative Pension Fund Joint Stock Company

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# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

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

Management of Unified Accumulative Pension Fund Joint Stock Company ("the Fund") is responsible for the preparation of the financial statements of the Pension Plan Assets ("the Plan") that present fairly the financial position of the Plan as at 31 December 2018, 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 #195 of the Management Board of the National Bank of the Republic of Kazakhstan on 26 July 2013 ("the FRS").

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 FRSs 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 2018 were authorised for issue by the Management of the Fund on 15 March 2019.

On behalf of the Management Board:

  
\_\_\_\_\_  
Naun Zhayeva-Nurbibi Serekkhazhiyevna  
Chairman of the Management Board

15 March 2019  
Almaty



  
\_\_\_\_\_  
Tulegenova Zhanara Korgazbekovna  
Managing Director

15 March 2019  
Almaty

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Unified Accumulative Pension Fund Joint Stock Company

### Opinion

We have audited the financial statements of the Pension Plan Assets ("the Plan") of Unified Accumulative Pension Fund Joint Stock Company ("the Fund"), which comprise the statement of net assets available for benefits as at 31 December 2018, 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 2018, 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 #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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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:

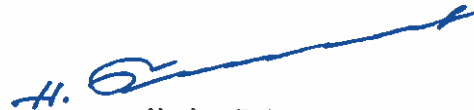
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 MEL-2, given by the  
Ministry of Finance of the  
Republic of Kazakhstan  
dated 13 September 2006

15 March 2019  
Almaty



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



# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Statement of Profit and Loss for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

	Notes	For the year ended 31 December 2018	For the year ended 31 December 2017
Interest income	4, 22	544,377,044	512,774,794
Dividend income	5, 22	10,497,413	6,046,673
Net gain on financial assets	6	38,770,101	52,297,879
Net gain on foreign exchange operations	7	388,816,508	24,781,838
Net gain on assets under investment management of foreign organisation	14	12,276,250	-
Impairment losses on financial assets	8	(18,482,244)	(3,997,100)
Other income		924,614	5,430,943
<b>Total income</b>		<b>977,179,686</b>	<b>597,335,027</b>
Commission expense	9, 22	(60,076,680)	(46,779,334)
<b>Net profit for the year</b>		<b>917,103,006</b>	<b>550,555,693</b>

On behalf of the Management Board:

  
Nauryzbayeva Turbubi Serekkhazhiyevna  
Chairman of the Management Board

15 March 2019  
Almaty



  
Tulegenova Zhanara Korganbekovna  
Managing Director

15 March 2019  
Almaty

The notes on pages 4-36 form an integral part of these financial statements.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Statement of Net Assets Available for Benefits

as at 31 December 2018

(in thousands of Kazakhstani Tenge)

	Notes	31 December 2018	31 December 2017
<b>ASSETS</b>			
Cash and cash equivalents	10, 22	133,804,275	30,390,232
Bank deposits	11	774,879,787	603,229,095
Financial assets at fair value through profit or loss	12, 22	4,329,315,478	1,607,291,926
Amounts receivable under reverse repurchase agreements	13	-	11,023,599
Financial assets at amortised cost	14, 22	4,218,832,491	5,503,777,387
Assets under investment management of foreign organisation	15	82,797,250	-
Other assets	16	15,230,546	28,619,925
<b>Total assets</b>		<b>9,554,859,827</b>	<b>7,784,332,164</b>
<b>LIABILITIES</b>			
Unsettled trades	17,22	169,713,946	-
Commission payable	22	6,729,407	1,831,433
Personal income tax payable		679,995	984,537
Claims of pension beneficiaries		85,276	772,568
Other liabilities		9,036	5,687
<b>Total liabilities</b>		<b>177,217,660</b>	<b>3,594,225</b>
<b>Net assets available for benefits</b>		<b>9,377,642,167</b>	<b>7,780,737,939</b>

On behalf of the Management Board:

  
 Nauryzhanova Nurzhan Serekkhazhiyevna  
 Chairman of the Management Board

15 March 2019  
 Almaty



  
 Tulegenova Zhanara Korganbekovna  
 Managing Director

15 March 2019  
 Almaty

The notes on pages 9-10 form an integral part of these financial statements.



# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

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

	Year ended 31 December 2018	Year ended 31 December 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets available for benefits	1,596,904,228	1,095,473,099
<i>Adjustments for:</i>		
Interest income	(544,377,044)	(512,774,794)
Dividend income	(10,497,413)	(6,046,673)
Net gain on financial assets	(38,770,101)	(52,297,879)
Net gain on unrealised foreign exchange operations	(388,816,508)	(24,781,838)
Net gain on assets under investment management of foreign organisation	(12,276,250)	-
Impairment losses on financial assets	18,482,244	3,997,100
<b>Change in operating assets and liabilities</b>		
Increase in other assets	(330,905)	(5,385,015)
Increase/(decrease) in commission payable	4,897,974	(1,081,294)
(Decrease)/increase in claims of pension beneficiaries	(687,538)	84,929
(Decrease)/increase in personal income tax payable	(304,542)	225,678
Increase/(decrease) in other liabilities	3,663	(25,038)
<b>Cash inflows from operating activities</b>	<b>624,227,808</b>	<b>497,388,275</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	472,240,165	470,502,187
Dividends received	10,888,261	5,277,519
Proceeds from bank deposits	15,677,988,689	1,536,871,261
Placement of bank deposits	(15,784,432,626)	(1,741,158,047)
Proceeds from reverse repurchase agreements	6,513,019,846	8,103,463,200
Purchases of reverse repurchase agreements	(6,499,292,359)	(8,111,088,077)
Sales and repayment of financial assets at fair value through profit or loss	18,650,866,589	14,002,682,555
Purchases of financial assets at fair value through profit or loss	(18,165,574,331)	(14,811,892,614)
Sales/(purchases) of derivatives	5,221,108	(34,010)
Sales and repayment of financial assets at amortised cost	333,548,605	542,693,494
Purchases of financial assets at amortised cost	(1,671,341,542)	(629,613,872)
Placement of assets to investment management of foreign organisation	(70,521,000)	-
<b>Cash outflows from investing activities</b>	<b>(527,388,595)</b>	<b>(632,296,404)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>96,839,213</b>	<b>(134,908,129)</b>
Cash and cash equivalents at the beginning of the year (Note 10)	30,390,232	161,357,628
Effect of changes in exchange rates on cash and cash equivalents	6,574,830	3,940,733
<b>Cash and cash equivalents at the end of the year (Note 10)</b>	<b>133,804,275</b>	<b>30,390,232</b>

The amount of interest and dividend received by the Plan during the years ended 31 December 2018 and 2017 amounted KZT 483,128,426 thousand and KZT 475,779,706 thousand, respectively.

During 2018, in accordance with FRS, the Plan reclassified financial assets from "amortised cost" into "fair value" category. The effect of reclassification is disclosed in Note 12.

On behalf of the Management Board:

  
Nauryzbayeva Nurhupi Serekkhazhiyevna  
Chairman of the Management Board

15 March 2019  
Almaty



  
Tulegenova Zhanara Korganbekovna  
Managing Director

15 March 2019  
Almaty

The notes to pages 9-36 form an integral part of these financial statements.


# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Statement of Changes in Net Assets Available for Benefits for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Net profit for the year		917,103,006	550,555,693
Pension contributions received	18	848,439,707	756,035,276
Benefits paid	19	(168,638,485)	(211,117,870)
<b>Change in net assets available for benefits</b>		<b>1,596,904,228</b>	<b>1,095,473,099</b>
Net assets available for benefits at the beginning of the year		7,780,737,939	6,685,264,840
<b>Net assets available for benefits at the end of the year</b>		<b>9,377,642,167</b>	<b>7,780,737,939</b>

On behalf of the Management Board:

  
\_\_\_\_\_  
Nauryzbayevs Nurbubi Serekkhazhiyevna  
Chairman of the Management Board

  
\_\_\_\_\_  
Tulegenova Zhanara Korganbekovna  
Managing Director

15 March 2019  
Almaty

15 March 2019  
Almaty

The notes on pages 9-36 form an integral part of these financial statements.



# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

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### 1. Organization

These financial statements reflect Pension Plan Assets ("the Plan") managed by Unified Accumulative Pension Fund Joint Stock Company ("the Fund") are regulated by the pension legislation of the Republic of Kazakhstan. The Plan 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" ("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 ("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 and No. 326 dated 28 December 2018. 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 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 employer'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". 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 component, the accumulative mandatory and voluntary savings components. The solidarity component is guaranteed by the Government of the Republic of Kazakhstan and is calculated and provided by the State Corporation "Government for Citizens". The accumulative mandatory and voluntary components of pension 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.

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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Notes to the Financial Statements (continued) for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

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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, 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 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 ("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 ("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 ("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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(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 2018	31 December 2017
1 United States Dollar (USD)	384.20	332.33
1 Russian Rouble	5.52	5.77
1 Pound Sterling (GBP)	488.13	448.61

### 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 ("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".

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. All regular way purchases of financial assets are accounted for at the trade date.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

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### **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 according to the data of Bloomberg and Reuters informational-analytical systems.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Notes to the Financial Statements (continued) for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

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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 profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or 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 organisation***

Accounting of pension assets, transferred by the NBRK to another party ("the asset manager"), in accordance with the investment management agreement dated 6 May 2018, is 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 organisation.

Revaluation of assets under investment management of foreign organisation 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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Notes to the Financial Statements (continued) for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

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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 NBRK Committee on valuation of financial instruments comprising of the Plan's pension assets No. 1 dated 13 July 2015. According to the Methodology, impairment test is performed based on the following major criteria:

- the presence of the guarantee or surety;
- 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 assesses at the end of each reporting period 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.

Depending on whether the financial asset is a debt or equity instrument, its specific impairment indicator and the presence of one of the above criteria the impairment allowance of 0 - 100% is calculated.

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

#### **Taxation**

The Plan is not subject to income taxes.



# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

**Notes to the Financial Statements (continued)**  
**for the Year Ended 31 December 2018**  
*(in thousands of Kazakhstani Tenge)*

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### **Income and expense recognition**

Interest income is recognised in the statement of changes in net assets available for benefits 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. The basis for calculating the expense is explained in Note 9.

### **Pension contributions, pension payments and transfers**

Pension contributions are accounted for when contributions are received by the Plan's custodian. Pension payments and 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 accounting policy of the Plan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are based on past experience and other factors that are deemed appropriate in the particular circumstances. Actual results could differ from those 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. Refer to Note 23 for more details on fair value measurement.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

### 4. Interest income

	Year ended 31 December 2018	Year ended 31 December 2017
<b>Interest income comprises:</b>		
<b>Financial assets recorded at amortised cost:</b>		
- unimpaired financial assets	455,016,748	459,413,243
- impaired financial assets	825,208	204,969
<b>Financial assets at fair value</b>	<b>88,535,088</b>	<b>53,156,582</b>
<b>Total interest income</b>	<b>544,377,044</b>	<b>512,774,794</b>
<b>Financial assets recorded at amortised cost comprises:</b>		
Financial assets at amortised cost	409,253,141	415,817,272
Bank deposits	43,884,927	40,402,218
Amounts receivable under reverse repurchase agreements	2,703,888	3,398,722
<b>Total interest income on financial assets recorded at amortised cost</b>	<b>455,841,956</b>	<b>459,618,212</b>
<b>Financial assets at fair value:</b>		
Financial assets at fair value through profit or loss	88,535,088	53,156,582
<b>Total interest income on financial assets at fair value</b>	<b>88,535,088</b>	<b>53,156,582</b>
<b>Total interest income</b>	<b>544,377,044</b>	<b>512,774,794</b>

### 5. Dividend income

	Year ended 31 December 2018	Year ended 31 December 2017
<b>Equity Securities:</b>		
Ordinary shares of JSC Halyk Bank	4,519,738	-
Ordinary shares of JSC KazTransOil	1,683,452	1,630,844
Ordinary shares of JSC KEGOC	1,161,586	736,749
Ordinary shares of JSC Kazakhtelecom	585,800	148,514
GDR of JSC Halyk Bank	479,968	-
GDR of JSC Kcell	454,943	464,150
GDR of JSC Sberbank Russia	396,006	185,305
Preference shares of JSC Atameken-Agro	193,353	710,000
Ordinary shares of JSC Kcell	132,601	132,601
Preference shares of JSC Tsesnabank	96,868	404,118
Foreign equity	493,905	375,969
Others - domestic equity	299,193	1,258,423
<b>Total dividend income</b>	<b>10,497,413</b>	<b>6,046,673</b>

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

### 6. Net gain on financial assets

	Year ended 31 December 2018	Year ended 31 December 2017
Net gain on operations with financial assets at fair value through profit or loss	34,642,005	49,247,180
Net gain on operations with financial assets at amortised cost	4,128,096	3,050,699
<b>Total net gain on financial assets</b>	<b>38,770,101</b>	<b>52,297,879</b>
	Year ended 31 December 2018	Year ended 31 December 2017
Net gain on operations with financial assets at fair value through profit or loss comprises:		
Change in fair value, net	29,420,897	49,281,190
Dealing, net	5,221,108	(34,010)
<b>Total net gain on operations with financial assets at fair value through profit or loss</b>	<b>34,642,005</b>	<b>49,247,180</b>
	Year ended 31 December 2018	Year ended 31 December 2017
Net gain on operations with financial assets at amortised cost comprises:		
Dealing, net	4,128,096	3,050,699
<b>Total net gain on operations with financial assets at amortised cost</b>	<b>4,128,096</b>	<b>3,050,699</b>

Net gain on operations with financial assets at fair value through profit or loss for the year ended 31 December 2018 mainly occurred due to change in fair value for the total gain of KZT 24,855,330 thousand incurred on ordinary shares of JSC Halyk Bank and GDR JSC NAC Kazatomprom.

Net gain on operations with financial assets at fair value through profit or loss for the year ended 31 December 2017 mainly occurred due to change in fair value for the total gain of KZT 46,245,481 thousand incurred on ordinary shares of JSC Halyk Bank, GDR JSC KazMunaiGas Exploration Production and GDR JSC Kcell.

### 7. Net gain on foreign exchange operations

	Year ended 31 December 2018	Year ended 31 December 2017
Translation difference, net	388,816,508	24,781,838
<b>Total net gain on foreign exchange operations</b>	<b>388,816,508</b>	<b>24,781,838</b>

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

### 8. Impairment losses on financial assets

	Bank deposits (Note 11)	Financial assets at amortised cost (Note 14)	Other assets (Note 16)	Total
<b>31 December 2017</b>	-	-	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)
Transfer	(326,790)	-	326,790	-
Write-off	(962,513)	(12,986,574)	(5,733,584)	(19,682,671)
<b>31 December 2018</b>	<b>1,057,984</b>	<b>-</b>	<b>312,498</b>	<b>1,370,482</b>

	Bank deposits (Note 11)	Financial assets at amortised cost (Note 14)	Other assets (Note 16)	Total
<b>31 December 2016</b>	-	326,774	1,951,306	2,278,080
Provision recognised	1,491,016	310,773	4,497,545	6,299,334
Recovery of provision	(1,449,613)	(654,346)	(198,275)	(2,302,234)
Transfer	(41,403)	-	41,403	-
Effect of foreign currency exchange difference	-	16,799	1,072	17,871
Write-off	-	-	(3,722,142)	(3,722,142)
<b>31 December 2017</b>	<b>-</b>	<b>-</b>	<b>2,570,909</b>	<b>2,570,909</b>

### 9. Commission expense

	Year ended 31 December 2018	Year ended 31 December 2017
Commission expense on investment income	45,427,644	28,128,788
Commission expense on pension assets	14,649,036	18,650,546
<b>Total commission expense</b>	<b>60,076,680</b>	<b>46,779,334</b>

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 2018, the Plan accrued commission expenses on investment income from pension plan assets of 5.25% (2017: 5.25%). The calculation is performed on a monthly basis and for the calculation the Plan uses investment income from pension plan assets accrued for the month preceding the month for which the calculation and accrual of commission expenses is made.

In 2018, the Plan accrued commission expenses of 0.015% per month on pension plan assets (2017: 0.0225% per month). The calculation is performed on a monthly basis and for the calculation the Plan uses the value of the pension plan assets as at the 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 2018 were determined in accordance with regulation №199 of the Management Board of the NBRK dated 2 November 2017.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

### 10. Cash and cash equivalents

	31 December 2018	31 December 2017
Current accounts with the NBRK	133,804,275	30,390,232
<b>Total cash and cash equivalents</b>	<b>133,804,275</b>	<b>30,390,232</b>

As at 31 December 2018 and 2017, cash and cash equivalents are neither impaired nor past due.

### 11. Bank deposits

	31 December 2018	31 December 2017
National Bank of Republic of Kazakhstan	154,070,583	-
Development Bank of Singapore Ltd.	103,821,555	-
CREDIT AGRICOLE CIB, (HONGKONG BRANCH)	96,664,592	32,959,781
MIZUHO CORPORATE BANK, LTD., (THE LONDON BRANCH)	77,058,343	54,362,634
JSC Halyk Bank	74,437,890	-
Natixis (Capital Market) Paris	61,769,456	-
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
JSC ATF Bank	20,535,671	20,535,671
JSC Kaspi Bank	20,301,918	20,301,918
JSC Tengri Bank	5,078,950	7,774,933
JSC Nurbank	4,946,335	11,658,816
ING BANK N.V.	3,841,148	24,981,371
JSC SB Alfa-Bank	3,211,183	3,698,052
JSC Bank RBK	3,176,693	-
JSC AsiaCredit Bank	2,206,133	6,946,087
JSC SO VTB Bank (Kazakhstan)	1,690,774	3,752,247
JSC Qazaq Banki	1,057,984	10,006,689
JSC Bank CenterCredit	756,871	3,027,485
JSC Bank Kassa Nova	461,528	1,947,731
BANK OF TOKYO-MITSUBISHI, LTD., (THE LONDON BRANCH)	-	95,241,858
JSC Kazkommertsbank	-	83,281,629
BANK OF MONTREAL	-	44,886,359
SOCIETE GENERALE PARIS	-	24,981,371
JSC Bank of Astana	-	7,356,756
JSC Capital Bank Kazakhstan	-	3,701,550
JSC Eximbank Kazakhstan	-	975,993
	<b>775,937,771</b>	<b>603,229,095</b>
Less: provision for impairment loss	(1,057,984)	-
<b>Total bank deposits</b>	<b>774,879,787</b>	<b>603,229,095</b>

As at 31 December 2018, the accrued interest income amounted KZT 8,353,934 thousand (31 December 2017: KZT 8,563,161 thousand) and was included in the bank deposits.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Notes to the Financial Statements (continued) for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

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

	2018	2017
<b>Balance at the beginning of the year</b>	-	-
Provision recognised	2,347,287	1,491,016
Recovery of provision	-	(1,449,613)
Write-off	(962,513)	-
Transfer to other assets (Note 16)	(326,790)	(41,403)
<b>Balance at the end of the year</b>	<b>1,057,984</b>	-

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

	31 December 2018	31 December 2017
<b>Financial assets designated at fair value through profit or loss:</b>		
Debt securities	4,084,487,084	1,399,469,224
Equity securities	244,828,394	207,822,702
<b>Total financial assets at fair value through profit or loss</b>	<b>4,329,315,478</b>	<b>1,607,291,926</b>

	31 December 2018	31 December 2017
<b>Debt securities:</b>		
<b>Government bonds</b>		
Ministry of Finance of the Republic of Kazakhstan	2,853,343,812	-
US treasury bills	580,119,986	627,833,797
Notes of NBRK	478,278,846	591,664,797
Government bonds of the Republic of Azerbaijan	83,917,607	75,300,718
Bonds of Ministry of Finance of Russian Federation	17,818,604	21,069,363
<b>Total government bonds</b>	<b>4,013,478,855</b>	<b>1,315,868,675</b>
<b>Corporate bonds:</b>		
JSC ForteBank	19,460,035	19,619,048
Merrill Lynch	19,400,579	18,580,943
JSC Doszhan Temir Zholy	13,013,696	18,583,795
JSC Kazexporttastyk	8,402,366	5,981,182
Bank of America, N.A.	3,728,691	4,555,433
Commerzbank AG	2,354,955	2,298,543
Societe Generale	2,191,661	1,665,078
JSC Bank Centercredit	1,406,021	1,124,291
JSC Abdi	841,155	2,545,959
JSC EKOTON +	151,650	149,036
JSC Halyk Bank	57,420	-
Goldman Sachs International	-	6,289,274
JP Morgan	-	1,251,585
JSC Atameken Agro	-	547,275
Citigroup Inc	-	358,857
JSC Kazkommertsbank	-	50,250
<b>Total corporate bonds</b>	<b>71,008,229</b>	<b>83,600,549</b>
<b>Total debt securities</b>	<b>4,084,487,084</b>	<b>1,399,469,224</b>

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

	31 December 2018	31 December 2017
<b>Equity securities:</b>		
Ordinary shares of JSC Halyk Bank	70,376,545	59,100,407
GDR of JSC NAC Kazatomprom	68,818,166	-
GDR of JSC Kcell	18,882,643	14,735,302
Ordinary shares of JSC KEGOC	15,178,782	13,047,091
Ordinary shares of JSC KazTransOil	14,087,230	14,077,761
Ordinary shares of JSC Kazakhtelecom	12,591,111	7,451,969
GDR of JSC Halyk Bank	7,609,258	6,351,580
GDR of PJSC SB Sberbank of Russia	7,321,164	9,724,875
Ordinary shares of JSC Kcell	5,814,787	3,883,302
Ordinary shares of JSC Tsesnabank	4,482,700	5,885,230
GDR of JSC Gasprom	3,291,809	2,908,680
Ordinary shares of JSC Bayan Sulu	2,400,536	2,496,600
Ordinary shares of PLC Rio Tinto	2,140,548	1,939,548
Ordinary shares of KAZ Minerals PLC	2,127,080	2,989,781
Ordinary shares of JSC Bank Center Credit	1,221,747	1,002,767
Ordinary shares of JSC ForteBank	1,209,249	1,209,249
GDR of JSC VTB Bank	1,087,430	1,455,700
GDR of ORANGE	983,477	934,375
GDR of PJSC MMC Norilsk Nickel	843,197	720,393
GDR of NEWMONT MINING CORP	798,698	760,717
Ordinary shares of MCMORAN COPPER	695,018	1,082,731
Preferred shares of JSC Nurbank	668,297	618,364
Ordinary shares of JSC KazTransCom	372,206	379,970
Ordinary shares of BARRICK GOLD CORP	343,193	325,927
GDR of CHINA MOBILE ADR	306,297	277,784
Ordinary shares of JSC Aktobe plant of petroleum equipment	250,778	96,148
Preferred shares of JSC Kazakhtelecom	239,587	151,359
Ordinary shares of CATERPILLAR INC	230,655	258,802
GDR of POSCO ADR	204,087	261,112
Ordinary shares of JSC ATF Bank	129,851	96,409
Ordinary shares of JSC Nurbank	69,994	57,882
GDR of VALE DE RIO DOCE SA	52,253	42,208
GDR of JSC Kazakhtelecom	21	11
GDR of JSC KazMunaiGas Exploration Production	-	47,428,632
Ordinary shares of JSC KazMunaiGas Exploration Production	-	3,275,512
Preferred shares of JSC Tsesnabank	-	1,266,911
Ordinary shares of JSC MREK	-	559,332
Ordinary shares of JSC Eximbank Kazakhstan	-	429,218
Preferred shares of JSC Eximbank Kazakhstan	-	280,947
Preferred shares of JSC Kazkommertsbank	-	189,045
Preferred shares of JSC RD KazMunayGas	-	69,046
Preferred shares of JSC Bank CenterCredit	-	25
<b>Total equity securities</b>	<b>244,828,394</b>	<b>207,822,702</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>4,329,315,478</b>	<b>1,607,291,926</b>

As at 31 December 2018, the accrued interest income of KZT 100,580,983 thousand (31 December 2017: KZT 2,920,213 thousand) was included in financial assets at fair value through profit or loss.

### Reclassification

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.

During the year ended 31 December 2017, securities were not reclassified from "amortised cost" into "fair value" category and/or back.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

### Revaluation

During 2018, 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 appraisers as at 1 April and 1 November 2018 (2017: as at 1 February and 1 July 2017).

### 13. Amounts receivable under reverse repurchase agreements

	31 December 2018 Carrying value	31 December 2018 Fair value of collateral	31 December 2017 Carrying value	31 December 2017 Fair value of collateral
Notes of NBRK	-	-	10,023,092	10,318,143
Bonds of the Ministry of Finance of the Republic of Kazakhstan	-	-	1,000,507	1,045,570
<b>Total accounts receivable under reverse repurchase agreement</b>	<b>-</b>	<b>-</b>	<b>11,023,599</b>	<b>11,363,713</b>

As at 31 December 2018, the accrued interest income for the amount KZT Nil (as at 31 December 2017: KZT 5,599 thousand) was included in receivables under reverse repurchase agreements.

### 14. Financial assets at amortised cost

	31 December 2018	31 December 2017
<b>Financial assets at amortised cost:</b>		
Corporate bonds	2,982,411,367	2,283,170,118
Government bonds	1,236,421,124	3,220,607,269
<b>Total financial assets at amortised cost</b>	<b>4,218,832,491</b>	<b>5,503,777,387</b>



# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

	31 December 2018	31 December 2017
<b>Corporate bonds:</b>		
JSC National Managing Holding KazAgro	642,020,578	185,976,465
JSC Halyk Bank	567,716,810	279,971,563
JSC Development Bank of Kazakhstan	221,951,679	243,711,482
JSC Kaspi Bank	192,805,825	188,484,785
JSC ATF Bank	119,261,636	118,797,358
European Bank for Reconstruction and Development	103,673,828	103,754,418
JSC KTZh	88,428,019	86,297,815
JSC AstanaGas KMG	82,387,222	-
JSC Bank CenterCredit	71,593,080	51,362,482
JSC KEGOC	68,930,221	69,236,627
JSC KazMunayGas	67,407,678	116,552,717
Eurasian Development Bank	67,283,818	68,798,874
JSC Tsesnabank	60,076,948	75,591,452
JSC Samruk-Kazyna	59,627,417	59,016,053
JSC ForteBank	52,108,953	52,108,875
JSC Bank RBK	46,447,063	46,330,083
JSC Eurasian Bank	42,054,196	21,189,173
JSC National Managing Holding Baiterek	38,880,756	-
JSC SB Sberbank of Russia	38,555,659	36,821,827
Sinopec Group Overseas Development	33,198,875	-
PJSC Gasprom	31,702,063	27,231,130
Subsidiary of State Grid Corporation of China	30,843,232	-
JSC Mortgage Organisation Baspana (NBRK)	25,052,848	-
PERUSAHAAN LISTRIK NEGAR	23,490,976	-
JSC Nurbank	21,698,957	11,506,982
PJSC Sberbank of Russia	20,133,278	17,682,968
JSC Home Credit Bank	17,829,659	5,184,338
JSC AsiaCredit Bank	13,708,652	13,115,073
JSC Batys Transit	10,932,270	10,203,559
EXPORT-IMPORT BK INDIA	10,377,752	-
EXPORT-IMPORT BANK CHINA	9,798,222	-
AVI FUNDING CO LTD	9,545,717	-
EMPRESA NACIONAL DEL PET	9,467,572	-
THREE GORGES FIN I KY	9,089,206	-
INDIAN RAILWAY FINANCE	8,660,795	-
PERTAMINA PERSERO PT	7,816,928	-
BANCO NACIONAL COM EXT	7,337,234	-
PELABUHAN INDONESIA III	6,863,945	-
PJSC Rosneft	6,213,218	5,277,847
JSC SevKazEnergio	6,086,429	6,338,439
JSC Kazakhstan Mortgage Company	5,218,294	17,174,440
CODELCO INC	4,806,167	-
Merrill Lynch	4,594,318	-
Three Gorges Finance I (Cayman Islands) Ltd.	3,022,822	-
Morgan Stanley	2,890,265	2,944,492
OAO «UNICREDITBA AG»	2,781,409	2,628,382
JSC Kcell	2,630,972	-
Barclays Bank PLC	2,056,535	1,801,985
GOLDMAN SACHS	1,294,743	-
Southern Copper	560,643	484,607
Rongshi International Finance Ltd.	552,919	-
Citigroup Inc	382,834	-
Astrazeneca PLC	373,222	322,515
IBM CORP	187,010	160,276
JSC Kazkommertsbank	-	309,167,974
JSC National Company Food Contract	-	13,714,706
JSC Central-Asian Power Energy Company	-	13,199,017
JSC Eximbank Kazakhstan	-	13,112,769
PJSC Russian Agricultural Bank	-	3,202,440
JSC SB Alfa-Bank	-	2,955,243
AKBANK	-	1,007,162
JSC AMF Group	-	751,725
<b>Total corporate bonds</b>	<b>2,982,411,367</b>	<b>2,283,170,118</b>

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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	31 December 2018	31 December 2017
<b>Government bonds:</b>		
Ministry of Finance of the Republic of Kazakhstan	726,361,887	2,995,970,021
Government of the Russian Federation	227,085,385	175,474,690
Government of the United States	89,384,775	-
Government of Republic of Indonesia	58,478,654	-
Government of Brazil	38,313,548	33,186,771
Government of Republic of Peru	34,223,921	-
Government of Republic of Philippines	23,227,077	-
Government of Republic of Chili	20,142,766	-
Government of Republic of Poland	19,203,111	-
Government of the Republic of Turkey	-	15,975,787
<b>Total government bonds</b>	<b>1,236,421,124</b>	<b>3,220,607,269</b>
<b>Total financial assets at amortised cost</b>	<b>4,218,832,491</b>	<b>5,503,777,387</b>

As at 31 December 2018, the accrued interest income amounted KZT 78,972,441 thousand (31 December 2017: KZT 158,468,561 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 2018 and 2017, is presented in the table below:

	2018	2017
<b>Balance at the beginning of the year</b>	-	<b>326,774</b>
Provision recognised	12,986,574	310,773
Provision recovery	-	(654,346)
Effect of foreign currency exchange difference	-	16,799
Write-off	(12,986,574)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

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 organisation

During 2018, the NBRK, in accordance with the Rules for the selection of foreign organisations managing pension assets of the UAPF, 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, on 6 May 2018 the NBRK concluded an Investment Management Agreement with a foreign organisation Aviva Investors Global Services Limited for the amount of KZT 70,521,000 thousand.

As at 31 December 2018, the carrying amount of assets under investment management of foreign organisation is KZT 82,797,250 thousand. For the year ended 31 December 2018 net gain on assets under investment management of foreign organisation is KZT 12,276,250 thousand.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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### 16. Other assets

	31 December 2018	31 December 2017
Principal and interest on financial instruments – unimpaired	15,221,313	21,931,019
Overdue principal and interest on financial instruments - impaired	321,731	9,259,815
<b>Other financial assets</b>	<b>15,543,044</b>	<b>31,190,834</b>
Less: provision for impairment loss	(312,498)	(2,570,909)
<b>Total other assets</b>	<b>15,230,546</b>	<b>28,619,925</b>

As at 31 December 2018, other assets included accrued interest income for amount of KZT 321,731 thousand (31 December 2017: KZT 4,275,569 thousand).

As at 31 December 2018 and 2017, 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.

As of the date of these financial statements, the other assets in the amount of KZT 15,101,603 thousand was paid.

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

	2018	2017
<b>Balance at the beginning of the year</b>	<b>2,570,909</b>	<b>1,951,306</b>
Provision recognised	3,366,073	4,497,545
Recovery of provision	(217,690)	(198,275)
Write-offs	(5,733,584)	(3,722,142)
Effect of foreign currency exchange difference	-	1,072
Transfer from bank deposits (Note 11)	326,790	41,403
<b>Balance at the end of the year</b>	<b>312,498</b>	<b>2,570,909</b>

During the year 2018 and 2017, the Plan wrote-off bonds of LLP Corporation APK-Invest and JSC Imstalkon due to formed reserves amounted KZT 4,980,000 thousand and KZT 3,694,675 thousand, respectively.

### 17. Unsettled trades

	31 December 2018	31 December 2017
NBRK	169,713,946	-
<b>Total unsettled trades</b>	<b>169,713,946</b>	<b>-</b>

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. As of the date these financial statements, the full amount of unsettled trades was paid.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

### 18. Pension contributions received

	31 December 2018	31 December 2017
Mandatory pension contributions	807,367,076	718,748,417
Mandatory professional pension contributions	39,509,525	35,216,190
Penalties for undue payments of pension contributions	1,147,567	1,534,149
Voluntary pension contributions	258,817	424,939
Other contributions	156,722	111,581
<b>Total pension contributions received</b>	<b>848,439,707</b>	<b>756,035,276</b>

### 19. Benefits paid

	31 December 2018	31 December 2017
On retirement	75,038,173	125,328,102
To contributors leaving the Republic of Kazakhstan	32,382,471	24,091,240
To heirs	20,560,956	17,149,398
For burial services	2,436,767	2,917,039
To disabled people	1,943,495	3,672,806
On seniority	43,561	73,640
By court order	22,269	1,108
<b>Total benefits paid</b>	<b>132,427,692</b>	<b>173,233,333</b>
Transfers to insurance companies	26,081,293	26,058,089
Withholding tax deducted from benefits on payment	10,129,500	11,826,448
<b>Total benefits paid</b>	<b>168,638,485</b>	<b>211,117,870</b>

### 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

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Notes to the Financial Statements (continued) for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

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.

#### 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 net assets available for benefits 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 2018 and 2017 is as follows:

Impact on net profit for the year:

	Year ended 31 December 2018	Year ended 31 December 2017
100 bp parallel rise	(10,111,231)	(13,872,188)
100 bp parallel fall	11,354,137	4,473,362

#### 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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

### Notes to the Financial Statements (continued) for the Year Ended 31 December 2018 (in thousands of Kazakhstani Tenge)

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
<b>Assets</b>						
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 organisation	-	82,797,250	-	-	-	82,797,250
Other financial assets	14,797,697	432,849	-	-	-	15,230,546
<b>Total assets</b>	<b>6,481,550,573</b>	<b>3,035,864,608</b>	<b>30,284,758</b>	<b>4,267,627</b>	<b>2,892,261</b>	<b>9,554,859,827</b>
<b>Liabilities</b>						
Dealing payable	169,713,946	-	-	-	-	169,713,946
Commission payable	6,729,407	-	-	-	-	6,729,407
Claims of beneficiaries	85,276	-	-	-	-	85,276
Other financial liabilities	3,380	3,712	1,944	-	-	9,036
<b>Total liabilities</b>	<b>176,532,009</b>	<b>3,712</b>	<b>1,944</b>	<b>-</b>	<b>-</b>	<b>176,537,665</b>
<b>Net position</b>	<b>6,305,018,564</b>	<b>3,035,860,896</b>	<b>30,282,814</b>	<b>4,267,627</b>	<b>2,892,261</b>	<b>9,378,322,162</b>

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2017:

	KZT	USD	RUB	GBP	Other currencies	Total
<b>Assets</b>						
Cash and cash equivalents	10,761,543	19,607,877	19,014	-	1,798	30,390,232
Bank deposits	325,815,721	277,413,374	-	-	-	603,229,095
Financial assets at fair value through profit or loss	758,278,594	811,510,149	32,573,843	4,929,329	11	1,607,291,926
Amounts receivable under reverse repurchase agreements	11,023,599	-	-	-	-	11,023,599
Financial assets at amortised cost	4,495,092,887	1,001,431,873	4,308,134	-	2,944,493	5,503,777,387
Other financial assets	28,245,514	374,411	-	-	-	28,619,925
<b>Total assets</b>	<b>5,629,217,858</b>	<b>2,110,337,684</b>	<b>36,900,991</b>	<b>4,929,329</b>	<b>2,946,302</b>	<b>7,784,332,164</b>
<b>Liabilities</b>						
Commission payable	1,831,433	-	-	-	-	1,831,433
Claims of beneficiaries	772,568	-	-	-	-	772,568
Other financial liabilities	4,291	-	1,396	-	-	5,687
<b>Total liabilities</b>	<b>2,608,292</b>	<b>-</b>	<b>1,396</b>	<b>-</b>	<b>-</b>	<b>2,609,688</b>
<b>Net position</b>	<b>5,626,609,566</b>	<b>2,110,337,684</b>	<b>36,899,595</b>	<b>4,929,329</b>	<b>2,946,302</b>	<b>7,781,722,476</b>

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 2018 and 2017. 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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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Impact on net profit for the year:

	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)
	Year ended 31 December 2017
10% appreciation of USD against KZT	211,033,768
10% depreciation of USD against KZT	(211,033,768)
10% appreciation of other currencies against KZT	4,477,523
10% depreciation of other currencies against KZT	(4,477,523)

### 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 2018 and 2017 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 2018	Year ended 31 December 2017
5% increase in equity securities prices	12,241,420	10,391,135
5% decrease in equity securities prices	(12,241,420)	(10,391,135)

### 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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

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

	31 December 2018	31 December 2017
<b>ASSETS</b>		
Cash and cash equivalents	133,804,275	30,390,232
Bank deposits	774,879,787	603,229,095
Financial instruments at fair value through profit or loss	4,329,315,478	1,607,291,926
Financial instruments at amortised cost	4,218,832,491	5,503,777,387
Assets under investment management of foreign organisation	82,797,250	-
Other financial assets	15,230,546	28,619,925

As at 31 December 2018, the Plan has one counterparty (31 December 2017: one counterparty) - the Ministry of Finance of the Republic of Kazakhstan, credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for this counterparty as at 31 December 2018 is KZT 3,579,705,699 thousand (31 December 2017: KZT 2,995,970,021 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.



# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

Below is a summary of credit ratings of financial assets held by the Plan as at 31 December 2018 and 2017:

	AAA	AA	<AA	BBB+	BBB	BBB-	<BBB-	Not rated	Total
<b>31 December 2018</b>									
Cash and cash equivalents	-	-	-	-	-	133,804,275	-	-	133,804,275
Bank deposits	-	-	343,155,094	-	-	205,394,720	-	-	548,549,814
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	226,329,973	-	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	27,559,467	4,218,832,491
Assets under investment management of foreign organisation	-	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
	AAA	AA	AA-	A	BBB	BBB-	<BBB-	Not rated	Total
<b>31 December 2017</b>									
Cash and cash equivalents	-	-	-	-	-	30,390,232	-	-	30,390,232
Bank deposits	182,564,273	-	121,983,001	94,849,101	-	-	-	-	399,396,375
Financial assets at fair value through profit or loss	3,119,368	661,223,123	89,849,951	277,784	30,794,238	21,681,099	203,832,720	-	1,607,291,926
Amounts receivable under reverse repurchase agreements	-	-	-	-	-	-	774,641,945	25,704,418	1,607,291,926
Financial assets at amortised cost	2,944,492	68,798,874	137,425,797	3,362,716	557,102,087	11,023,599	-	-	11,023,599
Other financial assets	-	-	-	-	-	11,243,153	4,625,852,009	97,048,259	5,503,777,387
	-	-	-	-	-	10,994,595	-	17,625,330	28,619,925

### 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 Plan's specific of operating activity and the structure of net assets the liquidity risk is remote.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
(in thousands of Kazakhstani Tenge)

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

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity	Overdue	Total
<b>Assets</b>								
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 organisation	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
<b>Total financial assets</b>	<b>1,154,047,631</b>	<b>572,469,543</b>	<b>440,828,584</b>	<b>1,893,363,803</b>	<b>5,243,426,065</b>	<b>250,724,201</b>	<b>-</b>	<b>9,554,859,827</b>
<b>Liabilities</b>								
Unsettled trades	169,713,946	-	-	-	-	-	-	169,713,946
Commission payable	6,729,407	-	-	-	-	-	-	6,729,407
Claims of pension beneficiaries	85,276	-	-	-	-	-	-	85,276
Other financial liabilities	9,036	-	-	-	-	-	-	9,036
<b>Total financial liabilities</b>	<b>176,537,665</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,537,665</b>
<b>Net position</b>	<b>977,509,966</b>	<b>572,469,543</b>	<b>440,828,584</b>	<b>1,893,363,803</b>	<b>5,243,426,065</b>	<b>250,724,201</b>	<b>-</b>	<b>9,378,322,162</b>

The following table shows financial assets and financial liabilities by remaining expected maturity dates as at 31 December 2017:

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity	Overdue	Total
<b>Assets</b>								
Cash and cash equivalents	30,390,232	-	-	-	-	-	-	30,390,232
Bank deposits	104,701,060	172,712,314	-	77,280,392	248,535,329	-	-	603,229,095
Financial instruments at fair value through profit or loss	741,972,465	201,058,753	288,391,570	49,523,092	118,523,344	207,822,702	-	1,607,291,926
Reverse REPO	11,023,599	-	-	-	-	-	-	11,023,599
Financial instruments at amortised cost	34,988,860	58,154,936	258,892,226	1,328,894,920	3,822,846,445	-	-	5,503,777,387
Other financial assets	21,931,019	-	-	-	-	-	6,688,906	28,619,925
<b>Total financial assets</b>	<b>945,007,235</b>	<b>431,926,003</b>	<b>547,283,796</b>	<b>1,455,698,404</b>	<b>4,189,905,118</b>	<b>207,822,702</b>	<b>6,688,906</b>	<b>7,784,332,164</b>
<b>Liabilities</b>								
Claims of pension beneficiaries	-	772,568	-	-	-	-	-	772,568
Commission payable	-	1,831,433	-	-	-	-	-	1,831,433
Other financial liabilities	-	5,687	-	-	-	-	-	5,687
<b>Total financial liabilities</b>	<b>-</b>	<b>2,609,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,609,688</b>
<b>Net position</b>	<b>945,007,235</b>	<b>429,316,315</b>	<b>547,283,796</b>	<b>1,455,698,404</b>	<b>4,189,905,118</b>	<b>207,822,702</b>	<b>6,688,906</b>	<b>7,781,722,476</b>

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.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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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. Contingencies

## 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 Fund, which in turn, has given the Plan under fiduciary management of the NBRK. As at 31 December 2018 and 2017, the Fund was owned by the Government of the Republic of Kazakhstan, represented by CSPP.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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### Transactions with related parties

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
<b>Statement of net assets available for benefits</b>						
<b>ASSETS</b>						
Cash and cash equivalents	133,804,275	-	-	-	133,804,275	133,804,275
Financial assets at fair value through profit or loss	478,278,846	-	2,853,343,812	110,914,897	3,442,537,555	1,329,315,478
Financial assets at amortised cost	-	-	726,361,887	1,299,904,712	2,026,266,599	1,218,832,491
<b>LIABILITIES</b>						
Unsettled trades	169,713,946	-	-	-	169,713,946	169,713,946
Commission payable	-	6,729,407	-	-	6,729,407	6,729,407
<b>Statement of profit or loss</b>						
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)

The outstanding balances as at 31 December 2017 and related statement of profit or loss amounts of transactions for the year ended 31 December 2017 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
<b>Statement of net assets available for benefits</b>						
<b>ASSETS</b>						
Cash and cash equivalents	30,390,232	-	-	-	30,390,232	30,390,232
Financial assets at fair value through profit or loss	591,664,797	-	-	85,501,381	677,166,178	1,607,291,926
Financial assets at amortised cost	-	-	2,995,970,021	791,680,305	3,787,650,326	5,503,777,387
<b>LIABILITIES</b>						
Commission payable	-	1,831,433	-	-	1,831,433	1,831,433
<b>Statement of profit or loss</b>						
Interest income	1,838,692	-	184,062,410	71,065,501	256,966,603	512,774,794
Dividend income	-	-	-	3,013,757	3,013,757	6,046,673
Commission expense	-	(46,779,334)	-	-	(46,779,334)	(46,779,334)

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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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 November 2018 and 1 July 2017, and as a result, the results of the valuation, are reflected as at 31 December 2018 and 2017, 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.

The table below provides an analysis of financial assets and liabilities as at 31 December 2018 and 31 December 2017 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 2018	31 December 2017		
Non-derivative financial assets at fair value through profit or loss	4,251,626,462	1,512,840,953	Level 1	Quoted bid prices in an active market
Non-derivative financial assets at fair value through profit or loss	77,689,016	94,450,973	Level 3	Discounted Cash flows

As at 31 December 2018 and 2017, the appraiser has determined financial assets at fair value through profit or loss. The 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 organisation 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 2018 and 2017, there was no reclassification of financial instruments between the Level 1 and 2.

# Unified Accumulative Pension Fund Joint Stock Company

## Pension Plan Assets

Notes to the Financial Statements (continued)  
for the Year Ended 31 December 2018  
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**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 2018		31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Bank deposits	774,879,787	668,243,108	603,229,095	515,275,346
Financial assets at amortised cost	4,218,832,491	3,475,055,651	5,503,777,387	4,784,195,914

### Reconciliation of Level 3 fair value measurements

	Financial assets at fair value through profit or loss – unlisted shares	
	2018	2017
Opening balance	94,450,973	101,902,103
Total losses recognised in profit or loss	(5,778,369)	(6,994,666)
Repayments	(10,983,588)	(456,464)
Closing balance	77,689,016	94,450,973

Change in fair value included in net profit for the year relate 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 2019 No. 279 dated 29 October 2018. In accordance with this Resolution, starting from 1 January 2019, the Plan pays a commission fee of 5% from the total amount of the investment income (2018 – 5.25%).