Eurasia Insurance Company JSC

Separate Financial Statements
for the year ended 31 December 2022

Contents

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Independent Auditors' Report

To the Shareholders and Board of Directors of Eurasia Insurance Company JSC

Opinion

We have audited the separate financial statements of Eurasia Insurance Company JSC (the "Company"), which comprise the separate statement of financial position as at 31 December 2022, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the separate 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 Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

— Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Andrey Kouznetsov
Audit Partner

Sergey Nezdemkovskiy
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. MФ-0000182 of 2 June 2014

KPMG Audit LLC
State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of the Charter

28 April 2023

	Note	2022 KZT'000	2021 KZT'000
Gross premiums written	5	153,040,157	122,236,097
Written premiums ceded to reinsurers	5	(10,364,442)	(4,539,826)
Net premiums written		**142,675,715**	**117,696,271**
Change in gross provision for unearned premiums	5	(18,076,389)	(16,182,251)
Reinsurers' share of change in gross provision for unearned premiums	5	430,524	(166,776)
Net insurance premiums earned		**125,029,850**	**101,347,244**
Claims incurred	6	(55,122,707)	(27,327,006)
Reinsurers' share in claims incurred	6	24,228	45,660
Income from reimbursement from recourse claims	6	595,542	411,049
Change in gross provisions for claims not settled	6	(23,761,802)	(30,488,176)
Change in reinsurers' share in provisions for claims not settled	6	532,733	613,643
Net claims incurred		**(77,732,006)**	**(56,744,830)**
Net finance income	7	27,357,309	20,108,614
Net realised gain from sale of available-for-sale financial assets		3,474,764	2,646,745
Net foreign exchange gain		9,314,660	2,485,164
Net fee and commission expense	8	(18,718,462)	(13,445,590)
Charge for impairment loss	9	(2,442,477)	(226,151)
General administrative expenses	10	(24,110,563)	(21,272,496)
Other operating (expenses)/income, net		(186,074)	757,355
Profit before income tax		**41,987,001**	**35,656,055**
Income tax expense	11	(3,536,739)	(3,417,836)
Profit for the year		**38,450,262**	**32,238,219**
Other comprehensive (loss)/income, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve for available-for-sale financial assets:			
- Net change in fair value		(8,801,238)	11,695,706
- Net change in fair value reclassified to profit or loss, net of income tax		(2,470,953)	(1,932,452)
Other comprehensive (loss)/income for the year, net of income tax		**(11,272,191)**	**9,763,254**
Total comprehensive income for the year		**27,178,071**	**42,001,473**

The separate financial statements as set out on pages 6 to 67 were approved by the Management Board on 28 April 2023:

S.Y. Kabdolov
Acting Chairman of the Board

G.M. Nurpeisova
Acting Chief Accountant

The separate statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

	Note	2022 KZT'000	2021 KZT'000
ASSETS			
Cash and cash equivalents	12	14,367,248	13,460,863
Available-for-sale financial assets	13	34,645,375	52,221,355
Held-to-maturity investments			
- held by the Company	14	301,206,842	247,386,542
- pledged under sale and repurchase agreements	14	-	2,529,198
Investment property	15	4,532,241	5,458,624
Property, plant and equipment and intangible assets	16	5,606,442	4,452,079
Deferred acquisition costs	8	24,400,338	15,103,135
Insurance and reinsurance receivables	17	22,620,137	19,629,720
Current tax asset		-	261,527
Reinsurers' share in insurance contract provisions	18	2,337,270	1,374,013
Investments in subsidiary	19	16,002,193	13,476,982
Other assets	20	1,121,713	616,122
Total assets		**426,839,799**	**375,970,160**
LIABILITIES			
Insurance contract provisions	18	194,607,734	152,769,543
Insurance and reinsurance payables	21	2,134,946	1,614,473
Amounts payable under repurchase agreements	22	-	2,396,723
Deferred tax liabilities	11	386,730	1,489,043
Current tax liability		114,198	-
Other liabilities	23	1,681,910	914,168
Total liabilities		**198,925,518**	**159,183,950**
EQUITY			
Share capital	24(a)	178,211,607	161,903,856
Statutory reserve	24(d)	157,099	276,629
Revaluation reserve for available-for-sale financial assets		11,095,313	22,367,504
Retained earnings		38,450,262	32,238,221
Total equity		**227,914,281**	**216,786,210**
Total liabilities and equity		**426,839,799**	**375,970,160**

The separate statement of financial position is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

	2022 KZT'000	2021 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**38,450,262**	**32,238,219**
Adjustments for:		
Depreciation and amortisation	571,079	574,310
Charge for impairment losses	2,442,477	226,151
Net finance income	(27,357,309)	(20,108,614)
Net realised gain on sale of available-for-sale financial assets	(3,474,764)	(2,646,745)
Unrealised foreign exchange gain	(9,314,660)	(2,485,164)
Gain on disposal of property, plant and equipment and intangible assets	-	(620)
Bonus and vacation reserve accrued	696,572	(6,137)
Income tax expense	3,536,739	3,417,836
Operating profit before changes in working capital	**5,550,396**	**11,209,236**
(Increase)/decrease in operating assets		
Reinsurers' share in insurance contract provisions	(963,257)	(446,867)
Insurance and reinsurance receivables	(1,800,626)	(7,199,598)
Deferred acquisition costs	(9,297,203)	(8,223,236)
Other assets	(598,329)	65,677
Increase/(decrease) in operating liabilities		
Insurance contract provisions	41,838,191	46,670,426
Insurance and reinsurance payables	296,807	(381,670)
Other liabilities	61,775	(150,782)
Net cash from operating activities before interest income and other finance income received and income tax paid	**35,087,754**	**41,543,186**
Interest income and other finance income received	24,710,600	20,364,638
Income tax paid	(3,259,516)	(3,472,880)
Net cash flows from operating activities	**56,538,838**	**58,434,944**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of available-for-sale financial assets	10,442,764	6,181,426
Acquisition of available-for-sale financial assets	(3,901)	(6,289,871)
Acquisition of held-to-maturity investments	(61,858,844)	(72,951,774)
Redemption of held-to-maturity investments	15,707,358	35,542,043
Acquisition of investment property	-	(912,878)
Acquisition of property, plant and equipment and intangible assets	(809,048)	(326,451)
Proceeds from the sale of property, plant and equipment and intangible assets	3,977	41,541
Investments in subsidiary	(2,525,211)	(4,442,801)
Dividends received from subsidiary	1,475,211	1,442,801
Net cash flows used in investing activities	**(37,567,694)**	**(41,715,964)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts under repurchase agreements	358,160	41,341,284
Cash payments under repurchase agreements	(2,754,883)	(42,471,620)
Proceeds from issue of share capital	16,307,751	26,438,339
Dividends paid	(32,357,751)	(44,618,339)
Net cash flows used in financing activities	**(18,446,723)**	**(19,310,336)**
Net increase/(decrease) in cash and cash equivalents	**524,421**	**(2,591,356)**
Effect of movements in exchange rates on cash and cash equivalents	381,964	(63,271)
Cash and cash equivalents at the beginning of the year	13,460,863	16,115,490
Cash and cash equivalents at the end of the year (Note 12)	**14,367,248**	**13,460,863**

The separate statement of cash flows is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

KZT'000	Share capital	Statutory reserve	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Balance at 1 January 2021	135,465,517	5,816,650	12,604,250	39,078,320	192,964,737
Total comprehensive income					
Profit for the year	-	-	-	32,238,219	32,238,219
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	9,763,254	-	9,763,254
Total other comprehensive income	**-**	**-**	**9,763,254**	**-**	**9,763,254**
Total comprehensive income for the year	**-**	**-**	**9,763,254**	**32,238,219**	**42,001,473**
Transactions with owners recorded directly in equity					
Shares issued (Note 24(a))	26,438,339	-	-	-	26,438,339
Dividends declared and paid (Note 24(c))	-	-	-	(44,618,339)	(44,618,339)
Transfer from statutory reserve (Note 24(d))	-	(5,540,021)	-	5,540,021	-
Total transactions with owners	**26,438,339**	**(5,540,021)**	**-**	**(39,078,318)**	**(18,180,000)**
Balance at 31 December 2021	**161,903,856**	**276,629**	**22,367,504**	**32,238,221**	**216,786,210**

The separate statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

KZT'000	Share capital	Statutory reserve	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Balance at 1 January 2022	161,903,856	276,629	22,367,504	32,238,221	216,786,210
Total comprehensive income					
Profit for the year	-	-	-	38,450,262	38,450,262
Other comprehensive loss					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	(11,272,191)	-	(11,272,191)
Total other comprehensive loss	**-**	**-**	**(11,272,191)**	**-**	**(11,272,191)**
Total comprehensive income for the year	**-**	**-**	**(11,272,191)**	**38,450,262**	**27,178,071**
Transactions with owners recorded directly in equity					
Shares issued (Note 24(a))	16,307,751	-	-	-	16,307,751
Dividends declared and paid (Note 24(c))	-	-	-	(32,357,751)	(32,357,751)
Transfer from statutory reserve (Note 24(d))	-	(119,530)	-	119,530	-
Total transactions with owners	**16,307,751**	**(119,530)**	**-**	**(32,238,221)**	**(16,050,000)**
Balance at 31 December 2022	**178,211,607**	**157,099**	**11,095,313**	**38,450,262**	**227,914,281**

The separate statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

1 Reporting entity

(a) Organisation and operations

Eurasia Insurance Company JSC was established in the Republic of Kazakhstan in May 1995 as a stock insurance company "Eurasia". The Company was re-registered on 21 January 1999 as an open joint-stock company "Eurasia Insurance Company". The Company was re-registered on 21 May 2005 as a joint-stock company under the laws of the Republic of Kazakhstan as defined in the Civil Code of the Republic of Kazakhstan. The last re-registration took place on 26 June 2009, when Eurasian Finance Company JSC became its parent company.

The Company holds license No. 2.1.20 dated 26 December 2022 for insurance and reinsurance activity issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.

The Company's principal activity is providing insurance and reinsurance in such lines as vehicle owners' liability, property, cargo, motor, air, railway and water transport, casualty and other types of insurance.

The Company's legal address is: 59 Zheltoksan Street, Almaty, A05D7G5, Republic of Kazakhstan. The head office of the Company is located in Almaty, and the Company has 18 branches as at 31 December 2022 (31 December 2021: 16 branches) in the Republic of Kazakhstan.

As at 31 December 2022 and 31 December 2021 the Company's shareholders were as follows:

	2022, %	2021, %
Shareholders:		
Eurasian Financial Company JSC	95	95
Boris Grigorievich Umanov	5	5
Total	**100**	**100**

As at 31 December 2022 and 31 December 2021 the Company owns a 100% share in the subsidiary.

(b) Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Volatility in the global price of oil, the COVID-19 pandemic and unstable geopolitical situation around Russia and Ukraine have also increased the level of uncertainty in the business environment.

These financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2 Basis of accounting

(a) Statement of compliance

The accompanying separate financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards).

The Company has also prepared consolidated financial statements for the year ended 31 December 2022 in accordance with IFRS Standards, which can be obtained from the Company's registered office: 59 Zheltoksan Street, Almaty, A05D7G5, Republic of Kazakhstan.

The Company has applied the temporary exemption from IFRS 9 *Financial Instruments* as permitted by IFRS 4 *Insurance Contracts* and has not previously adopted any version of IFRS 9, including the requirements for the presentation of gains and losses on financial liabilities designated as at FVTPL, for annual periods beginning before 1 January 2018. Consequently, the Company plans to have a first-time adoption of IFRS 9 in its entirety on a single date of 1 January 2023.

(b) Basis of measurement

The separate financial statements are prepared on the historical cost basis except that available-for-sale financial assets are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Company is the Kazakhstan Tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The KZT is also the presentation currency for the purposes of these separate financial statements.

All financial information presented in KZT has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of separate financial statements in conformity with IFRS Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the separate financial statements is included in the following notes:

- assessment of whether the Company's activities are predominantly connected with insurance – description of the assessment is presented below in this Note.

Assessment of whether the Company's activities are predominantly connected with insurance

The temporary exemption from IFRS 9 applies for those entities whose activities are predominantly connected with insurance. Eligibility is assessed at the reporting entity level and is therefore applied at the reporting entity level – i.e. it applies to all financial assets and financial liabilities held by the reporting entity.

The Company applied temporary exemption from IFRS 9 as:

- the Company has not previously applied any version of IFRS 9; and
- the Company's activities as a whole are predominantly connected with insurance at its annual reporting date that immediately precedes 1 April 2016, i.e. as at and 31 December 2015.

Under IFRS 4, an insurer's activities are predominantly connected with insurance if, and only if:

(a) the carrying amount of its liabilities arising from contracts within the scope of IFRS 4, which includes any deposit components or embedded derivatives unbundled from insurance contracts, is significant compared to the total carrying amount of all its liabilities; and

(b) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 per cent.

Under IFRS 4, liabilities connected with insurance comprise:

(a) liabilities arising from contracts within the scope of IFRS 4;

(b) liabilities that arise because the insurer issues, or fulfils obligations arising from, the contracts in (a). Examples of such liabilities include derivatives used to mitigate risks arising from those contracts and from the assets backing those contracts, relevant tax liabilities such as the deferred tax liabilities for taxable temporary differences on liabilities arising from those contracts, and debt instruments issued that are included in the insurer's regulatory capital, liabilities for salaries and other employment benefits for the employees of the insurance activities.

As at 31 December 2015 the carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 is KZT 76,712,824 thousand, that comprises 97.7% of carrying amount of Company's total liabilities. The Company considers that this amount is significant compared to the total carrying amount of all its liabilities as insurance operations is the primary business of the Company. The Company is not engaged in any significant activities unconnected with the insurance from which it may earn income and incur expenses.

The Company is subject to all regulatory requirements related to insurers and considers insurance risk as its main business risk. In addition, the Company did not identify any quantitative or qualitative factors (or both), including publicly available information, that could indicate that regulatory bodies or other users of the Company's separate financial statements apply other industry classification to the Company.

Based on the assessment performed the Company concludes that as at 31 December 2015 the Company's activities are predominantly connected with insurance. Since 31 December 2015 there were no significant changes in the Company's operations, thus the Company did not perform reassessment of whether the Company's activities are predominantly connected with insurance on any subsequent annual reporting date.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment of assets and liabilities in the separate financial statements is included in the following notes:

- insurance contract provisions – Note 18;
- impairment allowance for insurance and reinsurance receivables – Note 17;
- estimated impact of the adoption of IFRS 17 and IFRS 9 – Note 3(r).

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these separate financial statements.

(a) A subsidiary

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In these separate financial statements investments in subsidiaries are stated at cost less impairment losses.

(b) Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that 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 translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation to foreign currencies are recognised in profit or loss, except for differences arising on translation of available-for-sale equity instruments, with exception of foreign currency differences arising from impairment of such instruments, in which case foreign currency differences classified as other comprehensive income will be reclassified to profit and loss.

The exchange rates used by the Company in the preparation of the separate financial statements at 31 December are as follows:

Currency	2022	2021
USD 1	462.65	431.80
EUR 1	492.86	489.10
GBP 1	556.57	583.32
RUB 1	6.43	5.76

(c) Insurance contracts

(i) Classification of contracts

Contracts under which the Company accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the "insured event") adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the insurance contract. Insurance contracts may also transfer some financial risk.

Insurance risk is significant if, and only if, an insured event could cause the Company to pay significant additional premiums. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as financial instruments.

(ii) Recognition and measurement of insurance contracts

Premiums

Gross premiums written comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed in gross amounts, including commission payable to intermediaries and excluding taxes and levies based on premiums. The earned portion of premiums received is recognised as revenue. Premiums are recognised as earned from the commencement day of the insurance coverage and proportionally during the insurance period on the basis of a decrease in the insured risk. Premiums ceded to reinsurance are recognised as an expense in accordance with the reduction of risks of reinsurance service received. The portion of premiums ceded to reinsurance that is not recognised, is treated as a prepayment.

Provision for unearned premiums

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro-rata method, adjusted if necessary, to reflect any changes in risk during the period covered by the contract.

Claims

Claims comprise claims and claim handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted.

Whilst management considers that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and developments and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

(iii) Outward reinsurance assets

The Company cedes portion of insurance and inward reinsurance risks to outward reinsurance in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks.

Assets, liabilities, income and expense arising from outward reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Only rights under contracts that give rise to significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for outward reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts.

For general insurance business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of premiums ceded to reinsurance is included in reinsurance assets.

The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts.

Reinsurance assets include recoveries due from reinsurance companies in respect of claims paid. These are classified as reinsurers' share in insurance contract provisions in the statement of financial position.

The net amounts paid to a reinsurer at the expiry of a contract may be less than the reinsurance assets recognised by the Company in respect of its rights under such contracts.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

(iv) Insurance acquisition costs

Insurance acquisition costs include direct costs such as commissions paid to insurance agents and brokers and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies.

Insurance acquisition costs are deferred and recognised in profit or loss in the following or subsequent financial years, computed separately for each insurance contract using the daily pro-rata method during the period covered by the contract.

(v) Liability adequacy test

At each reporting date, liability adequacy tests are performed to determine if the insurance contract provisions are adequate. Current best estimates of all future contractual cash flows and related expenses, such as claims handling expenses, and investment income from assets backing the insurance contract provisions are used in performing these tests.

If a shortfall is identified, an additional provision is established, if necessary. The deficiency is recognised in profit or loss for the year.

(vi) _Insurance receivables and payables_

Amounts due to and from policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

(d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with other banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(e) Placements with banks

The Company maintains placements with banks for various periods of time exceeding three months. Due from banks with a fixed maturity term are subsequently measured at amortised cost using the effective interest method. Placements with banks are carried at amortised cost net of any allowance for impairment losses, if any.

(f) Property, plant and equipment

(i) _Owned assets_

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) _Depreciation_

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings	50 – 70 years
- Computers and equipment	2 – 10 years
- Vehicles	4 – 6 years
- Other	2 – 15 years

(g) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range from 1 to 5 years.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in normal course of business, or for the use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment losses.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- derivative financial instruments (except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments); or
- upon initial recognition, designated as at fair value through profit or loss.

The Company may designate financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Management determines the appropriate classification of financial instruments in this category at the time of the initial recognition. Derivative financial instruments and financial instruments designated as at fair value through profit or loss upon initial recognition are not reclassified out of at fair value through profit or loss category. Financial assets that would have met the definition of loans and receivables may be reclassified out of the fair value through profit or loss or available-for-sale category if the Company has an intention and ability to hold them for the foreseeable future or until maturity.

Other financial instruments may be reclassified out of at fair value through profit or loss category only in rare circumstances. Rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company:

- intends to sell immediately or in the near term;
- upon initial recognition designates as at fair value through profit or loss;
- upon initial recognition designates as available- for-sale; or
- may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity, other than those that:

- the Company upon initial recognition designates as at fair value through profit or loss;
- the Company designates as available-for-sale; or
- meet the definition of loans and receivables.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

(ii) Recognition

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue 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 their sale or other disposal, except for:

- loans and receivables which are measured at amortised cost using the effective interest method;
- held-to-maturity investments which are measured at amortised cost using the effective interest method;
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

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.

(iv) 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 transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(v) 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 Company has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in these circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Company measures assets and long positions at the bid price and liabilities and short positions at the ask price.

The Company recognises transfers between the levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss;
- a gain or loss on an available-for-sale financial asset is recognised as other comprehensive income in equity (except for impairment losses and foreign exchange gains and losses on debt financial instruments available-for-sale) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Interest in relation to an available-for-sale financial asset is recognised as earned in profit or loss calculated using the effective interest method.

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

(vii) Derecognition

The Company 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 Company 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 Company is recognised as a separate asset or liability in the statement of financial position.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred assets. The Company writes off assets deemed to be uncollectible.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position 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.

(j) Impairment

The Company 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 Company determines the amount of any impairment loss.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that event (or events) has had an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of financial asset or group of financial assets that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security available-for-sale a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(i) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of loans and other receivables (the "loans and receivables"). The Company reviews its loans and receivables, to assess impairment on a regular basis.

The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Company uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When an investment held-to-maturity or a receivable is uncollectable, it is written off against the related allowance for impairment. The Company writes off an investment held-to-maturity or a receivable balance (and any related allowances for losses) when management determines that the investments held-to-maturity and receivables are uncollectible and when all necessary steps to collect the assets are completed.

(ii) Financial assets carried at cost

Financial assets carried at cost include investments in a subsidiary and unquoted equity instruments included in available-for-sale financial assets that are not carried at fair value because their fair value cannot be reliably measured. If there is objective evidence that such investments are impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. All impairment losses in respect of these investments are recognised in profit or loss and cannot be reversed.

(iii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that is recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(iv) Non-financial assets

Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the separate statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo), short-term reverse repo agreements with maturities of less than three months are recorded within cash and cash equivalents, long-term agreements are included in 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 repo agreement using the effective interest method.

(l) Provisions

A provision is recognised in the separate statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) _Repurchase of share capital_

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a decrease in equity.

(iii) _Dividends_

The ability of the Company to declare and pay dividends is subject to the current legislation of the Republic of Kazakhstan.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(n) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(o) Income and expense recognition

Interest income and expense are recognised in profit or loss using the effective interest method.

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided.

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

(p) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company leases items of property. All lease contracts concluded by the Company are short-term leases and lease term is less than 12 months. The Company used a practical expedient and did not recognise right-of-use assets and liabilities for short term contracts with lease term less than 12 months. Such leases do not contain extension options and the Company will not be subject to penalties for failure to extend lease term for another 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) *As a lessor*

At inception or on modification of a contract that contained a lease component, the Company allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

The Company recognised lease payments received under operating leases as income on a straight-line basis over the lease term.

(q) Impact of error correction and presentation of comparative data

During preparation of financial statements of the Company for the year ended 31 December 2022, the Management made a reclassification that affected the relevant line items in the separate statement of financial position as at 31 December 2021 and the separate statement of cash flows for the year ended 31 December 2021.

Management has revised the presentation of savings deposits with maturities greater than 3 months from placements with banks to cash and cash equivalents. Despite the fact that these deposits were originally placed with a maturity of more than 3 months, there are no withdrawal restrictions on them and there is no loss of interest income in case of early withdrawal or placement of additional amounts, except for the withdrawal of the minimum balance, which is insignificant relative to the Company's balance sheet and deposit balance. Therefore, Management uses such deposits on demand, regularly withdrawing and placing additional amounts in accordance with the needs of operations. Therefore, such deposits are, in substance, on demand and should therefore be classified as cash and cash equivalents.

Below is provided effect of reclassification on the separate statement of financial position as at 31 December 2021 and the separate statement of cash flows for the year ended 31 December 2021. These reclassifications had no impact on the Company's retained earnings as at 31 December 2021 and 1 January 2021.

KZT'000	Amounts per issued financial statements	Reclassification	Amounts after reclassification
Separate Statement of Financial Position as at 31 December 2021			
Cash and cash equivalents	3,756,025	9,704,838	13,460,863
Placements with banks	9,704,838	(9,704,838)	-
Separate Statement of Cash Flows for the year ended 31 December 2021			
Transfers to placements with banks	(194,843,595)	194,843,595	-
Proceeds from placements with banks	195,846,041	(195,846,041)	-
Cash flows used in investing activities	(40,713,518)	(1,002,446)	(41,715,964)
Net decrease in cash and cash equivalents	(1,588,910)	(1,002,446)	(2,591,356)
Effect of movements in exchange rates on cash and cash equivalents	(27,163)	(36,108)	(63,271)
Cash and cash equivalents at beginning of the year	5,372,098	10,743,392	16,115,490
Cash and cash equivalents at the end of the year	3,756,025	9,704,838	13,460,863

(r) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted them in preparing these separate financial statements.

IFRS 17 *Insurance Contracts*

Scope of IFRS 17 is similar to IFRS 4 *Insurance Contracts*. On initial recognition, the liability of a group of insurance contracts is made up of cash flows on performance obligations, which represent the risk-adjusted present value of the rights and obligations to the policyholders, comprising:

- estimates of future cash flows;
- discounting; and
- a risk adjustment for non-financial risk.

The contractual service margin (CSM), which represents the unearned profit the Company will recognise as it provides services over the coverage period.

Fulfilment cash flows representing a net outflow on initial recognition are recognised as an immediate loss.

Subsequent to initial recognition liability of a group of insurance contracts comprises the liability for remaining coverage (fulfilment cash flows and the CSM) and the liability for incurred claims (fulfilment cash flows for claims and expenses already incurred but not yet paid).

The fulfilment cash flows are remeasured at each reporting date to reflect current estimates.

When certain criteria are met a simplified approach – the premium allocation approach (PAA) – may be used. The Company plans to apply general measurement model for measurement of groups of insurance contracts issued under General Liability and Accident classes of insurance and PAA for other groups of insurance contracts.

The general measurement model is modified when applied to:

- reinsurance contracts held;
- direct participating contracts; and
- investment contracts with discretionary participation features (DPFs).

Insurance revenue is derived from the changes in the liability for remaining coverage for each reporting period that relate to services for which the Company expects to receive consideration.

Investment components are excluded from insurance revenue and insurance service expenses. Insurance service results are presented separately from insurance finance income or expense. The Company can choose to disaggregate insurance finance income or expense between profit or loss and other comprehensive income (OCI).

(i) Classification of issued and retained insurance contracts by the Company

The Company classifies insurance contracts and assigns them to one of the following categories:

- insurance contracts other than life insurance, classified as insurance contracts;
- issued reinsurance contracts other than life insurance, classified as insurance contracts;
- retained reinsurance contracts other than life insurance, classified as insurance contracts.

Criteria for identifying insurance contracts

In order to classify an issued contract as an "insurance contract," the Company verifies the simultaneous fulfilment of the following conditions:

- a significant insurance risk is transferred under the contract; and
- the insured event specified in the contract has an adverse effect on the policyholder.

Criteria for identifying reinsurance contracts

For retained reinsurance contracts, the Company applies the same criteria as for issued insurance contracts.

(ii) Separation of non-insurance components from insurance contracts

The Company conducts an analysis of insurance contracts to identify components that must be separated from the main contract, namely:

- separable embedded derivatives;
- distinct investment components;
- promises to transfer distinct goods or services to the policyholder that are not insurance services.

(iii) Aggregation of contracts into groups

The Company analyses issued insurance contracts and retained reinsurance contracts in order to determine the portfolio of insurance contracts and reinsurance portfolio. A portfolio of insurance contracts comprises contracts that are subject to similar risks and are managed together.

Contracts included in one portfolio of insurance contracts are grouped according to the following characteristics at initial recognition and are not subsequently reclassified to another group:

- onerous contracts, if any – onerous group of insurance contracts;
- contracts that are not onerous but profitable, if any – profitable group of insurance contracts;
- other contracts, if any – other group of insurance contracts.

The Company forms cohorts on an annual basis based on the contract issue date. The Company has determined the contract issue date as the date of contract conclusion.

The Company divides the portfolios of reinsurance contracts into the following groups based on the characteristics at initial recognition:

- reinsurance contracts with a net gain;
- reinsurance contracts with net costs and no significant probability of a net gain;
- reinsurance contracts with net costs and a significant probability of a net gain.

(iv) Contract boundaries

Date of Initial Recognition

For insurance contracts issued, recognition of a group of insurance contracts should be made on the earliest of the following dates:

- the beginning of the coverage period for the group of insurance contracts;
- the date on which the first payment is due from the policyholder in the relevant group of insurance contracts; and
- for a group of onerous contracts - the date on which the group becomes onerous.

If the payment due date is not specified in the contract, then the date when the first actual payment is made by the policyholder shall be considered as the date when the first payment is due.

Approaches applied to reinsurance contracts do not differ from those applied to issued insurance contracts.

For retained reinsurance contracts, the Company recognises the group of reinsurance contracts held on the earliest of two dates:

- the date of the start of the coverage period for the group of reinsurance contracts; and
- the date on which the Company recognises the group of onerous underlying insurance contracts, if the corresponding reinsurance contract included in the group of reinsurance contracts was concluded on or before that date.

(v) Evaluation of issued contracts

Structure of obligations (assets) under insurance contracts

When evaluating the group of insurance contracts, the Company assesses two blocks of obligations (assets, in case of negative values) under insurance contracts:

- Liability for incurred claims (LIC)
- Liability for remaining coverage (LRC)

Determination of the assessment model for the group of insurance contracts

Since the contracts do not provide for the policyholder's participation in a clearly defined pool of basic items, the Company analyses two assessment models for applicability to group of insurance contracts:

- General measurement model (GMM),
- Premium allocation approach (PAA).

For group of insurance contracts to which PAA is applicable, the Company decides to use a simplified approach on an individual basis depending on the complexity of constructing cash flows and the quality of source data. PAA can be applied to:

- group of insurance contracts consisting of contracts, each with a coverage period of one year or less; or
- group of insurance contracts for which the Company reasonably expects that the assessment of the LRC of this group of insurance contracts in accordance with PAA will not differ significantly from the assessment based on the requirements of the GMM.

For all other groups of insurance contracts, the Company applies GMM.

Evaluation of issued insurance contracts applying GMM

Initial recognition of LRC

At initial recognition, the liability (or asset) recognized with respect to a group of insurance contracts is measured by the Company as the sum of:

- The fulfilment cash flows, consisting of the following components:
  - estimate of future cash flows arising as the Company fulfils the contracts;
  - adjustments to reflect the time value of money and financial risks associated with future cash flows;
  - risk adjustment for non-financial risk; and
- Contractual service margins (CSM).

Subsequent measurement of LRC

After initial recognition, the Company remeasures LRC at each reporting date as follows:

- cash flows to fulfil contracts that relate to insurance coverage to be provided in future periods; and
- contractual service margins (CSM) estimated at the reporting date.

Estimates of future cash flows are revised at each reporting date based on the best estimate assumptions. Similarly, the risk adjustment for non-financial risk is estimated based on the Company's current estimates.

Initial recognition of LIC

The LIC includes the fulfilment cash flows for past services at the reporting date, and consists of:

- estimates of future cash flows;

- adjustments to reflect the time value of money and financial risks associated with future cash flows; and
- risk adjustment for non-financial risk.

Subsequent measurement of LIC

Subsequent measurement of LIC is based on current assumptions at the reporting date. The recognition of LIC is presented as expenses for insurance services related to incurred losses without discounting within the period. The effect of discounting, the impact of financial risk and changes in the discount rate curve on the LIC are presented within finance income or insurance expense.

The Company derecognises the LIC as soon as the benefits have been provided or when it is clear that there is no obligation to provide the benefits.

Evaluation of insurance contracts using PAA

Initial recognition of LRC

In applying PAA, the Company considers that the contracts are not onerous on initial recognition unless the facts and circumstances indicate otherwise.

Upon initial recognition, the Company evaluates LRC:

- premiums received at the time of initial recognition, if any;
- minus acquisition cash flows as of that date attributed to the group of insurance contracts; and
- plus or minus any amounts resulting from the derecognition on that date of any asset related to acquisition cash flows and any other asset or liability previously recognised in respect of cash flows associated with the group of contracts.

Subsequent measurement of LRC

On each reporting date, the Company re-evaluates LRC. The Company systematically releases amounts from LRC and recognises them in the statement of profit or loss as an insurance revenue.

Initial recognition of LIC

Similar to GMM, under PAA, LIC is recognised as part of the fulfilment cash flows relating to the incurred losses. The Company includes in the expected future cash flows payments for reported claims and for incurred but not reported claims.

Subsequent evaluation of LIC

The Company conducts subsequent evaluations of LIC in accordance with the requirements of GMM.

(vi) Evaluation of reinsurance contracts

Determination of the valuation model for a group of reinsurance contracts

When determining the valuation model for a group of reinsurance contracts, the Company analyzes two valuation models for applicability to the group of reinsurance contracts: GMM and PAA.

For groups of reinsurance contracts for which PAA is applicable, the Company decides whether to use the simplified approach on an individual basis depending on the complexity of cash flows projections and data quality. PAA can be applied if, at the start of the group's coverage:

- The coverage period for each contract in the group of reinsurance contracts is one year or less;
- The Company reasonably expects that the valuation in accordance with PAA will not materially differ from the valuation performed using the requirements of GMM.

For all reinsurance contracts not falling under the scope of PAA or for which it was decided not to use PAA, the Company applies GMM.

(vii) Principles of classification and allocation of expenses

The company analyses and allocates incurred expenses to one of the following functional areas:

- acquisition cash flows;
- expenses for policy administration and servicing;

- expenses for claims settlement;
- other operating expenses not related to the previous functional areas.

The company considers expenses related to the first four functional areas as expenses directly related to fulfilling the obligations under insurance contracts, while expenses related to the last functional area are considered as expenses that cannot be directly attributed to the insurance contract portfolio.

(viii) Transition

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023.

Early adoption is permitted if IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* are applied at the adoption date or earlier.

Full retrospective application is required – however, if it is impracticable, a modified retrospective approach and a fair value approach are available.

The Company has applied a modified retrospective approach and is in the process of finalization of results of transition to IFRS 17.

The Company has assessed the estimated impact that the initial application of IFRS 17 will have on its separate financial statements. Below is provided an estimated adjustment (after tax) to the balance of the Company's total equity:

	1 January 2023 KZT'000	1 January 2022 KZT'000
Estimated increase in the Company's total equity		
Adjustments due to adoption of IFRS 17	4,825,320	5,196,143
Estimated impact of adoption of IFRS 17, after tax	**4,825,320**	**5,196,143**

*The expected increase in total equity is attributed to the fact that the approach to calculating liabilities, based on the requirements of IFRS 17, relies on the assumptions of best estimate, whereas the assessment of liabilities in accordance with IFRS 4 is more conservative, and does not take into account actual discount rates and termination levels.

The assessment above is preliminary because not all of the transition work has been finalised. The actual impact of adopting IFRS 17 on 1 January 2023 and 2022 may change because:

- the Company is continuing to refine the new accounting processes and internal controls required for applying IFRS 17;
- Although parallel runs were carried out in the second half of 2022, the new systems and associated controls in place have not been operational for a more extended period;
- the Company has not finalised the testing and assessment of controls over its new IT systems and changes to its governance framework; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial instruments*, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement, and includes requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

(i) Classification - Financial assets

- IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified into one of these categories on initial recognition. See (v) for the transition requirements relating to classification of financial assets.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information that will be considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Impact assessment

For the purpose of preparation of the additional disclosure required by IFRS 4 for insures applying temporary exemption from IFRS 9 the Company finalised the assessment of SPPI criteria. Based on assessment performed SPPI criteria is met for all debt financial assets not measured at FVTPL. The Company has not finalised the assessment of business models for managing the financial assets.

Credit quality analysis of financial assets not measured at fair value is described in relevant notes. Based on its preliminary assessment the Company does not believe that the new classification requirements will have a material impact on its separate financial statements.

(ii) Impairment - Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ELC) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Insurance receivables are not within the scope of IFRS 9 impairment requirements.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- *12-month ECLs.* These are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs.* These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

However, lifetime ECL measurement applies for trade receivables and contract assets without a significant financing component.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

(iii) Classification - Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

– the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

– the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Company's assessment did not indicate any material impact regarding the classification of financial liabilities on the day of initial application of IFRS 9.

Impact assessment

The Company believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model.

Based on its preliminary assessment, the Company does not believe that the new impairment requirements will have a material impact on its consolidated financial statements.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's separate financial statements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*
- *Definition of Accounting Estimates (Amendments to IAS 8).*

4 Insurance risk management

This section summarises insurance risks and the way the Company manages them.

(a) Risk management objectives and policies for insurance risk mitigation

The Company's management of insurance risk is a critical aspect of the business. The Company is exposed to insurance risk due to the fact that the ultimate amount of payments under insurance contract or timing of such payments may differ significantly from the Company's estimates due to effect of various factors - frequency of claims, amount of claims, progress in long-tailed claim settlement. The Company controls insurance risks through diversification of various types of insurance, applying underwriting procedures to control losses on insurance portfolio by types of business as well as reinsurance used to reduce risk that losses will occur in the amount exceeding an established net risk retention.

(b) Terms and conditions of insurance contracts and nature of risks covered

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below. In addition, the following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

(i) Insurance contracts – Property

Product features

Property insurance indemnifies, subject to any limits or excesses, the policyholder against loss or damage to its own material property and business interruption arising from this damage.

The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (such as a fire or burglary) and the cause is readily determinable. The claim will thus be notified promptly and can be settled without delay. Property business is therefore classified as 'short-tail', contrasted with 'long-tail' classes where the ultimate claim cost takes longer to determine.

Risk management

The key risks associated with this product are underwriting risk, competitive risk, and claims experience risk. Underwriting risk is the risk that the Company does not charge premiums appropriate for the different properties it insures. For private property insurance, it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this may not be the case. Many commercial property proposals comprise a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky.

The Company operates in a competitive environment and is hence under the risk of writing premiums with reference to the competitors' pricing strategies rather than to its own loss experience.

Property classes are exposed to the risk that the insured will make false or invalid claims, or exaggerate the amount claimed following a loss. This largely explains why economic conditions correlate with the profitability of a property portfolio. Insurance risk is managed primarily through pricing, independent assessment of property under international standards, product design, risk selection and reinsurance. The Company therefore monitors and responds to changes in the general economic and commercial environment in which it operates.

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

(ii) Insurance contracts – General civil liability

Product features

The Company undertakes general civil liability insurance on compulsory and voluntary types of insurance in the Republic of Kazakhstan. Under these contracts policyholders are reimbursed for any monetary compensation awards paid for the injury caused to body, life, health and /or property of the third parties. General civil liability is generally considered a 'long tail' line, as it takes a relatively long period of time to finalise and settle claims for a given accident year.

Risk management

The key risks associated with this product are underwriting risk, competitive risk, and claims experience risk. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky. Insurance risk is managed primarily through reasonable pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Company therefore monitors and responds to changes in the general economic and commercial environment in which it operates.

(iii) Insurance contracts – Accident

Product features

The purpose of the accident insurance is to insure the policyholder's property interests in the event of accident and causing injury to life or health. This product generates income from the insurance and reinsurance premiums less amounts paid to cover claims and expenses incurred by the Company. The amount payable to a policyholder in the event of death, disability or damage to health is fixed.

The insured events comprise disability of the first, second and third categories, and accidental death. There is a number of exceptions from the insured events, in case of which the insurer bears no responsibility; such exceptions include disability or death from any disease, including occupational disease.

Risk management

The key risks associated with this product are underwriting risk and competitive risk.

Underwriting risk in the insurance is the risk of charging inappropriate tariff rates (understated tariffs may result in losses, while the overstated rates may result in loss of business) and possible anti-selection. To avoid these risks the Company breaks down the potential clients into groups, which are homogenous in terms of mortality (insured event) and makes decision based on such breakdown. In determining the tariffs and making a decision on acceptance for insurance, the following factors are taking into consideration: type of activity an insured is engaged in, age, dangerous hobbies, whether the insured had injuries prior to signing the contract, availability of a motor vehicle, traffic-related offences, etc. Analysis of such information makes possible to screen persons exposed to high accident risk.

The Company operates in a competitive environment and is hence under the risk of writing premiums with reference to the competitors' pricing strategies rather than to its own loss experience.

Insurance risk is managed mostly by means of pricing, product design, underwriting and management of insurance indemnities. The Company therefore monitors and responds to changes in the general economic and commercial environment in which it operates.

(c) Concentration of insurance risk

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual classes or contracts tranche.

Concentrations of risk can arise in both high-severity, low frequency events, such as natural disasters and in situations where underwriting is biased towards a particular group, such as a particular geography or demographic trend.

The Company's key methods in managing these risks are two-fold. Firstly, the risk is managed through appropriate underwriting. Underwriters are not permitted to underwrite risks unless the expected profits are commensurate with the risks assumed. Secondly, the risk is managed through the use of reinsurance. The Company purchases reinsurance coverage for various classes of its liability and property business. The Company assesses the costs and benefits associated with the reinsurance programme on an ongoing basis.

(d) Total aggregate exposures

The Company sets out the total aggregate exposure that it is prepared to accept in relation to concentrations of risk. It monitors these exposures both at the time of underwriting a risk, and on a monthly basis by reviewing reports which show the key aggregations to which the Company is exposed. The Company uses a number of modelling tools to monitor aggregation in order to measure the effectiveness of the reinsurance programmes and the net exposure to which the Company is exposed.

As at 31 December 2022, the Company had 1,562,477 valid insurance contracts (as at 31 December 2021: 1,330,742 insurance contracts).

(i) _Exposure by business lines_

The key concentrations identified as at 31 December 2022 are:

KZT'000 Type of insurance	Gross insured amount	Reinsurance amount	Net retention (after reinsurance)
Property – voluntary	4,684,921,782	(1,322,358,089)	3,362,563,693
Civil liability – voluntary	459,040,552	(98,578,986)	360,461,566
Motor transport – voluntary	454,247,586	-	454,247,586
Accident – voluntary	292,279,825	-	292,279,825
Vehicle owner's liability – voluntary	50,916,059	-	50,916,059
Water transport owner's liability– voluntary	1,390,003,000	(1,238,255,500)	151,747,500
Medical – voluntary	56,603,410	-	56,603,410
Air transport owner's liability – voluntary	38,000	-	38,000
Cargo – voluntary	151,999,830	(3,951,062)	148,048,768
Water transport – voluntary	9,272,768	-	9,272,768
Air transport – voluntary	6,083,283	-	6,083,283
Other voluntary insurance	198,411,984	-	198,411,984
Civil liability of a carrier to passengers - obligatory	3,697,440,075	-	3,697,440,075
Other obligatory insurance	102,206,869	-	102,206,869
Total	**11,553,465,023**	**(2,663,143,637)**	**8,890,321,386**

The key concentrations identified as at 31 December 2021 are:

KZT'000 Type of insurance	Gross insured amount	Reinsurance amount	Net retention (after reinsurance)
Property – voluntary	3,585,421,089	(726,200,283)	2,859,220,806
Civil liability – voluntary	418,444,165	(23,786,454)	394,657,711
Motor transport – voluntary	280,470,675	-	280,470,675
Accident – voluntary	318,205,258	-	318,205,258
Vehicle owner's liability – voluntary	46,279,804	-	46,279,804
Water transport owner's liability– voluntary	1,155,008,000	(1,144,942,125)	10,065,875
Medical – voluntary	49,285,414	-	49,285,414
Air transport owner's liability – voluntary	707,720,875	(679,830,865)	27,890,010
Cargo – voluntary	149,123,754	(52,739,435)	96,384,319
Water transport – voluntary	10,748,437	-	10,748,437
Air transport – voluntary	171,439,869	(96,643,570)	74,796,299
Other voluntary insurance	183,646,603	(1,557,485)	182,089,118
Civil liability of a carrier to passengers - obligatory	3,021,625,026	-	3,021,625,026
Other obligatory insurance	71,045,513	-	71,045,513
Total	**10,168,464,482**	**(2,725,700,217)**	**7,442,764,265**

(ii) Exposure by countries

The Company is exposed to risks by the following countries other than the Republic of Kazakhstan as at 31 December 2022:

KZT'000 **Country**	**Gross insured amount**	**Reinsurance amount**	**Net retention (after reinsurance)**
The United States	350,374,492	-	350,374,492
The United Kingdom	262,675,438	-	262,675,438
Slovenia	152,612,915	-	152,612,915
India	151,360,003	-	151,360,003
Taiwan	92,713,495	-	92,713,495
Switzerland	80,733,361	-	80,733,361
Singapore	77,713,313	-	77,713,313
Bermuda	76,293,447	-	76,293,447
Turkey	21,918,960	-	21,918,960
The Russian Federation	14,574,451	-	14,574,451
Uzbekistan	2,447,328	-	2,447,328
China	413,185	-	413,185
Other countries	393,676,799	(12,282,994)	381,393,805
Total exposure (excluding the Republic of Kazakhstan)	**1,677,507,187**	**(12,282,994)**	**1,665,224,193**
Kazakhstan	9,875,957,836	(2,650,860,643)	7,225,097,193
Total	**11,553,465,023**	**(2,663,143,637)**	**8,890,321,386**

The Company is exposed to risks by the following countries other than the Republic of Kazakhstan as at 31 December 2021:

KZT'000 **Country**	**Gross insured amount**	**Reinsurance amount**	**Net retention (after reinsurance)**
The United States	382,199,301	-	382,199,301
The United Kingdom	167,190,105	-	167,190,105
Slovenia	82,338,989	-	82,338,989
India	143,007,443	-	143,007,443
Taiwan	80,942,370	-	80,942,370
Switzerland	58,777,801	-	58,777,801
Singapore	57,497,923	-	57,497,923
Bermuda	68,301,247	-	68,301,247
Turkey	7,601,500	-	7,601,500
The Russian Federation	63,794,675	-	63,794,675
Uzbekistan	1,763,477	-	1,763,477
China	3,007,504	-	3,007,504
Other countries	346,058,594	(10,526,530)	335,532,064
Total exposure (excluding the Republic of Kazakhstan)	**1,462,480,929**	**(10,526,530)**	**1,451,954,399**
Kazakhstan	8,705,983,553	(2,715,173,687)	5,990,809,866
Total	**10,168,464,482**	**(2,725,700,217)**	**7,442,764,265**

(iii) Exposure to catastrophic events

The greatest likelihood of significant losses to the Company arises from catastrophic events, such as earthquake damage, resulting from an earthquake in Almaty. The Company does not possess catastrophe modelling techniques and the software enabling the modelling of Probable Maximum Loss (PML). However, the Company made an estimate of its losses and believes they will not exceed 10% of total liability under valid insurance contracts for the property located in Almaty city.

The key concentrations identified as at 31 December 2022 are:

KZT'000 **Catastrophic events**	**Gross insured amount**	**Estimated PML (before reinsurance)**	**Net retention (after reinsurance)**
Almaty earthquake with a magnitude exceeding seven points under Richter scale	294,380,877	29,438,088	12,735,000

The key concentrations identified as at 31 December 2021 are:

KZT'000 **Catastrophic events**	**Gross insured amount**	**Estimated PML (before reinsurance)**	**Net retention (after reinsurance)**
Almaty earthquake with a magnitude exceeding seven points under Richter scale	341,482,135	34,148,214	11,925,000

(e) Claims development

The Company uses statistical methods for insurance contract provisioning. Uncertainty about the amount and timing of claims payment for all insurance contracts, except employer's civil liability, is typically resolved within one year.

While the information in the table provides a historical perspective on the adequacy of unpaid claims estimates established in previous years, users of these separate financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Company believes that the estimate of total claims outstanding as of the end of 2022 is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Analysis of claims development (gross)-total

	Accident year								
KZT'000	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of cumulative claims									
At the end of the accident year	30,035,409	18,542,646	31,365,755	34,499,203	36,711,698	39,808,531	81,953,239	82,810,839	82,810,839
- one year later	26,323,879	17,720,010	39,127,306	33,737,387	34,532,816	28,400,858	82,364,918	-	82,364,918
- two years later	26,066,461	15,805,837	38,065,802	34,870,732	28,520,798	26,475,666	-	-	26,475,666
- three years later	24,118,674	13,979,245	38,251,901	32,188,600	27,576,309	-	-	-	27,576,309
- four years later	22,414,597	13,931,040	37,348,153	31,855,402	-	-	-	-	31,855,402
- five years later	22,393,907	13,528,781	36,966,399	-	-	-	-	-	36,966,399
- six years later	22,229,369	13,268,697	-	-	-	-	-	-	13,268,697
- seven years later	22,060,324	-	-	-	-	-	-	-	22,060,324
Estimate of cumulative claims as 31 December 2022	**22,060,324**	**13,268,697**	**36,966,399**	**31,855,402**	**27,576,309**	**26,475,666**	**82,364,918**	**82,810,839**	**323,378,554**
Cumulative payments as at 31 December 2022	(21,616,550)	(12,926,218)	(36,147,723)	(29,972,893)	(24,467,433)	(18,406,756)	(42,314,833)	(19,441,065)	(205,293,471)
Gross outstanding claims liabilities for insured events occurred before 2015	-	-	-	-	-	-	-	-	1,250,640
Gross outstanding claims liabilities as at 31 December 2022	**443,774**	**342,479**	**818,676**	**1,882,509**	**3,108,876**	**8,068,910**	**40,050,085**	**63,369,774**	**119,335,723**

5 Premiums

2022 KZT'000	Obligatory insurance Vehicle owner's liability	Other obligatory	Voluntary insurance Property	Medical	Air/Water/ Motor transport	Accident	General insurance	Other voluntary	Total
Gross premiums written	27,518,659	1,303,192	86,555,797	4,429,173	11,462,903	2,409,336	16,628,358	2,732,739	153,040,157
Change in gross provision for unearned premiums	(2,971,893)	(123,044)	(3,284,514)	(350,820)	(954,726)	856,062	(11,388,790)	141,336	(18,076,389)
Earned insurance premiums	**24,546,766**	**1,180,148**	**83,271,283**	**4,078,353**	**10,508,177**	**3,265,398**	**5,239,568**	**2,874,075**	**134,963,768**
Less: written premiums ceded to reinsurers	-	-	(9,292,845)	-	(626,036)	-	(336,310)	(109,251)	(10,364,442)
Reinsurers' share of change in gross provision for unearned premiums	-	-	420,540	-	24,555	-	10,424	(24,995)	430,524
Earned premiums ceded to reinsurers	-	-	**(8,872,305)**	-	**(601,481)**	-	**(325,886)**	**(134,246)**	**(9,933,918)**
Net earned insurance premiums	**24,546,766**	**1,180,148**	**74,398,978**	**4,078,353**	**9,906,696**	**3,265,398**	**4,913,682**	**2,739,829**	**125,029,850**

In 2022, gross premiums written comprised premiums of KZT 92,136,643 thousand earned under direct insurance contracts and premiums of KZT 60,903,514 thousand earned under inward reinsurance contracts (2021: KZT 69,156,796 thousand and KZT 53,079,301 thousand, respectively).

2021 KZT'000	Obligatory insurance Vehicle owner's liability	Other obligatory	Voluntary insurance Property	Medical	Air/Water/ Motor transport	Accident	General insurance	Other voluntary	Total
Gross premiums written	21,969,325	936,408	71,535,843	3,947,868	9,058,692	6,464,080	6,920,008	1,403,873	122,236,097
Change in gross provision for unearned premiums	(1,772,882)	2,468	(6,045,570)	25,863	405,701	(3,601,666)	(4,936,375)	(259,790)	(16,182,251)
Earned insurance premiums	**20,196,443**	**938,876**	**65,490,273**	**3,973,731**	**9,464,393**	**2,862,414**	**1,983,633**	**1,144,083**	**106,053,846**
Less: written premiums ceded to reinsurers	-	-	(3,713,489)	-	(537,130)	-	(141,219)	(147,988)	(4,539,826)
Reinsurers' share of change in gross provision for unearned premiums	-	-	(170,807)	-	(13,000)	-	(8,055)	25,086	(166,776)
Earned premiums ceded to reinsurers	-	-	**(3,884,296)**	-	**(550,130)**	-	**(149,274)**	**(122,902)**	**(4,706,602)**
Net earned insurance premiums	**20,196,443**	**938,876**	**61,605,977**	**3,973,731**	**8,914,263**	**2,862,414**	**1,834,359**	**1,021,181**	**101,347,244**

6 Claims incurred

	Obligatory insurance		**Voluntary insurance**						
2022 KZT'000	**Vehicle owner's liability**	**Other obligatory**	**Property**	**Medical**	**Air/Water/ Motor transport**	**Accident**	**General insurance**	**Other voluntary**	**Total**
Claims incurred	16,724,301	262,849	33,170,665	3,206,730	1,654,800	52,700	24,047	26,615	55,122,707
Reinsurers' share in claims incurred	-	-	(24,228)	-	-	-	-	-	(24,228)
Claims incurred, net of reinsurance	**16,724,301**	**262,849**	**33,146,437**	**3,206,730**	**1,654,800**	**52,700**	**24,047**	**26,615**	**55,098,479**
Change in provisions for incurred but not reported claims	672,330	(1,532,517)	3,483,423	23,890	(54,336)	12,894	(188,917)	467,495	2,884,262
Change in provisions for reported but not settled claims	(87,227)	(272,351)	21,490,457	921	(332,172)	25,960	123,796	(71,844)	20,877,540
Change in reinsurers' share in insurance contract provisions	-	-	(533,349)	-	9,941	-	(7,661)	(1,664)	(532,733)
Change in contract provisions, net of reinsurance	**585,103**	**(1,804,868)**	**24,440,531**	**24,811**	**(376,567)**	**38,854**	**(72,782)**	**393,987**	**23,229,069**
Reimbursement from recourse claims	(404,699)	-	(342)	-	(184,549)	-	(5,952)	-	(595,542)
Net claims incurred	**16,904,705**	**(1,542,019)**	**57,586,626**	**3,231,541**	**1,093,684**	**91,554**	**(54,687)**	**420,602**	**77,732,006**

	Obligatory insurance		Voluntary insurance						
2021 KZT'000	**Vehicle owner's liability**	**Other obligatory**	**Property**	**Medical**	**Air/Water/ Motor transport**	**Accident**	**General insurance**	**Other voluntary**	**Total**
Claims incurred	11,688,308	208,837	10,746,145	2,757,774	1,369,902	53,101	181,256	321,683	27,327,006
Reinsurers' share in claims incurred	-	-	(45,660)	-	-	-	-	-	(45,660)
Claims incurred, net of reinsurance	**11,688,308**	**208,837**	**10,700,485**	**2,757,774**	**1,369,902**	**53,101**	**181,256**	**321,683**	**27,281,346**
Change in provisions for incurred but not reported claims	(455,593)	(292,245)	2,922,350	20,024	61,075	(148,786)	282,640	41,864	2,431,329
Change in provisions for reported but not settled claims	1,057,296	(150,569)	28,178,949	(11,495)	389,630	(135,059)	(765,369)	(506,536)	28,056,847
Change in reinsurers' share in insurance contract provisions	-	-	(595,632)	-	48,741	-	2,873	(69,625)	(613,643)
Change in contract provisions, net of reinsurance	**601,703**	**(442,814)**	**30,505,667**	**8,529**	**499,446**	**(283,845)**	**(479,856)**	**(534,297)**	**29,874,533**
Reimbursement from recourse claims	(294,462)	-	(2,901)	-	(105,091)	-	-	(8,595)	(411,049)
Net claims incurred	**11,995,549**	**(233,977)**	**41,203,251**	**2,766,303**	**1,764,257**	**(230,744)**	**(298,600)**	**(221,209)**	**56,744,830**

7 Net finance income

	2022 KZT'000	2021 KZT'000
Finance income		
Interest income		
- held-to maturity investments	24,453,374	17,779,325
- placements with banks	789,057	418,025
- reverse repurchase agreements	39,446	292,456
Dividend income	2,106,383	1,869,697
	27,388,260	**20,359,503**
Finance costs		
Interest expense:		
- amounts payable under repurchase agreements	(30,951)	(250,889)
	(30,951)	**(250,889)**
	27,357,309	**20,108,614**

8 Net fee and commission expense

	2022 KZT'000	2021 KZT'000
Fee and commission income		
Property	10,232	4,023
General liability	8,031	11,321
Other	423	774
	18,686	**16,118**
Fee and commission expense		
Obligatory insurance		
Vehicle owner's liability	(4,652,785)	(3,509,127)
Other obligatory insurance	(84,467)	(169,203)
Voluntary insurance		
Property	(7,294,181)	(6,471,193)
General liability	(3,886,139)	(1,107,345)
Accident	(1,958,783)	(1,481,240)
Air/Water/Motor Transport	(450,580)	(356,430)
Medical insurance	(171,928)	(148,003)
Other voluntary insurance	(238,285)	(219,167)
	(18,737,148)	**(13,461,708)**
	(18,718,462)	**(13,445,590)**

	2022 KZT'000	2021 KZT'000
Deferred acquisition costs at the beginning of the year	15,103,135	6,879,899
Amortisation of deferred acquisition costs for the year	(18,737,148)	(13,461,708)
Fee and commission expense under insurance contracts concluded in a year	30,104,599	22,455,190
Termination	(2,070,248)	(770,246)
Deferred acquisition costs at the end of the year	**24,400,338**	**15,103,135**

9 Charge of impairment loss

	2022 KZT'000	2021 KZT'000
Insurance and reinsurance receivables (Note 17)	(41,138)	(131,620)
Other assets (Note 20)	(2,401,339)	(94,531)
	(2,442,477)	**(226,151)**

10 General administrative expenses

	2022 KZT'000	2021 KZT'000
Wages and salaries	9,187,145	7,700,568
Expenses on insurance development*	8,204,898	8,485,381
Advertising	2,328,540	1,054,510
Other taxes and duties	1,638,702	1,590,278
Depreciation and amortisation	571,079	574,310
Lease	312,992	295,336
Bank charges	207,299	130,380
Communication services	221,894	295,546
Household expenses	223,408	195,251
Consulting and professional services	195,040	143,524
Security	107,727	92,029
Repair and maintenance	89,011	47,744
Utilities	59,966	55,960
Business travel expenses	37,015	35,998
Tantieme	17,870	20,850
Other	707,977	554,831
	24,110,563	**21,272,496**

*Expenses on insurance development comprise expenses paid for marketing activities on certain products to individuals hired on contract basis.

11 Income tax expense

	2022 KZT'000	2021 KZT'000
Current year tax expense	(3,521,211)	(3,275,329)
Current income tax underprovided in prior reporting periods	(114,030)	(61,895)
Total current income tax	**(3,635,241)**	**(3,337,224)**
Movement in deferred tax liabilities/deferred tax assets due to origination and reversal of temporary differences and movement in loss allowance	98,502	(80,612)
Total income tax expense	**(3,536,739)**	**(3,417,836)**

In 2022, the applicable tax rate for current and deferred tax is 20% (2021: 20%).

Reconciliation of effective tax rate for the year ended 31 December:

	2022 KZT'000	%	2021 KZT'000	%
Profit before income tax	**41,987,001**	**100**	**35,656,055**	**100**
Income tax at the applicable tax rate	(8,397,400)	(20.0)	(7,131,211)	(20.0)
Tax exempt income from financial assets available for sale and investments held to maturity	5,641,940	13.4	3,892,111	10.9
Income tax underprovided in prior reporting periods	(114,030)	(0.3)	(61,895)	(0.2)
Other non-deductible expenses	(667,249)	(1.6)	(116,841)	(0.3)
	(3,536,739)	**(8.5)**	**(3,417,836)**	**(9.6)**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax liabilities as at 31 December 2022 and 31 December 2021.

The deductible temporary differences do not expire under current tax legislation.

Movements in temporary differences for the year ended 31 December 2022 are presented as follows:

KZT'000	Balance at 1 January 2022	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2022
Property, plant and equipment and intangible assets	(547,877)	(41,983)	-	(589,860)
Taxes	11,755	1,171	-	12,926
Vacation and bonuses reserve	50,890	139,314	-	190,204
Available-for-sale financial assets	(1,003,811)	-	1,003,811	-
	(1,489,043)	**98,502**	**1,003,811**	**(386,730)**

Movements in temporary differences for the year ended 31 December 2021 are presented as follows:

KZT'000	Balance at 1 January 2021	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2021
Property, plant and equipment and intangible assets	(470,508)	(77,369)	-	(547,877)
Taxes	13,770	(2,015)	-	11,755
Vacation and bonuses reserve	52,118	(1,228)	-	50,890
Available-for-sale financial assets	(566,649)	-	(437,162)	(1,003,811)
	(971,269)	**(80,612)**	**(437,162)**	**(1,489,043)**

12 Cash and cash equivalents

	2022 KZT'000	2021 KZT'000
Cash on hand	**255**	**561**
Cash in transit	**32,080**	**10,688**
Current accounts and demand deposits with banks		
Kazakhstan banks		
Rated from Ba3 to Ba1	414	23,530
Rated from B3 to B1	1,286,399	1,322,617
Not rated	25,293	-
Total current accounts and demand deposits with banks	**1,312,106**	**1,346,147**
Cash on saving accounts with banks		
Rated from Baa3 to Baa1	-	1,037
Rated from Ba3 to Ba1	-	1,363,823
Rated from B3 to B1	13,022,807	8,339,978
Total cash on saving accounts with banks	**13,022,807**	**9,704,838**
Reverse repurchase agreements with original maturity of less than three months - not credit rated	-	2,398,629
Total cash and cash equivalents	**14,367,248**	**13,460,863**

The above table is based on the credit ratings assigned by Moody's or other agencies converted into Moody's scale.

Cash and cash equivalents are neither impaired nor past due.

As at 31 December 2022, the annual effective interest rates on saving accounts with banks ranged from 0.5% to 15% per annum (31 December 2021: from 0.5% to 9% per annum).

During 2021, the Company entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject-matter of such agreements was ordinary shares of Kcell JSC and Halyk Savings Bank of Kazakhstan JSC with fair value of KZT 2,417,537 thousand.

As at 31 December 2022, the Company had accounts in one bank (31 December 2021: two banks) whose balance exceeded 10% of total cash and cash equivalents. The total gross value of this balance as at 31 December 2022 is KZT 14,305,855 thousand (2021: KZT 11,026,414 thousand). As at 31 December 2021, the carrying amount of balances under reverse repurchase agreements exceeds 10% of the total cash.

13 Available-for-sale financial assets

	2022 KZT'000	**2021 KZT'000**
Shares of APPLE INC	15,790,551	20,150,118
Shares of AIRBUS SE	69,655	11,925,015
Shares of MICROSOFT CORPORATION	7,817,729	10,232,411
Shares of JOHNSON&JOHNSON	10,956,746	9,903,117
Total equity instruments of foreign corporations and international financial organisations	**34,634,681**	**52,210,661**
Equity instruments		
Shares of Insurance Payments Guarantee Fund JSC	10,694	10,694
Total equity instruments	**10,694**	**10,694**
	34,645,375	**52,221,355**

Shares of Insurance Payments Guarantee Fund JSC stated at cost and classified as available-for-sale investments comprise unquoted equity securities with carrying value of KZT 10,694 thousand (31 December 2021: KZT 10,694 thousand). There is no market for these investments and there have not been any recent transactions that provide reliable evidence of their current fair value.

14 Held-to-maturity investments

	2022 KZT'000	2021 KZT'000
Neither past due nor impaired		
Government bonds of the Republic of Kazakhstan		
Rated Baa3		
- pledged under sale and repurchase agreements	-	2,529,198
- held by the Company	183,537,204	146,811,829
Total Government bonds	**183,537,204**	**149,341,027**
Bonds of foreign corporations and international financial organisations		
Rated Aaa	53,297,346	30,371,289
Rated from Aa1 to Aa3	1,299,576	1,378,658
Rated from A1 to A3	17,609,194	16,486,596
Rated from Baa1 to Baa3	-	1,985,361
Total bonds of foreign corporations and international financial organisations	**72,206,116**	**50,221,904**
Bonds of Kazakhstan banks		
Rated from Baa1 to Baa3	4,203,706	6,519,127
Rated from Ba1 to Ba3	7,214,925	7,114,662
Rated from B1 to B3	7,432,446	10,881,890
Total bonds of Kazakhstan banks	**18,851,077**	**24,515,679**
Corporate bonds of Kazakhstan companies		
Rated from Baa1 to Baa3	26,612,445	25,635,471
Not rated	-	201,659
Total corporate bonds of Kazakhstan companies	**26,612,445**	**25,837,130**
	301,206,842	**249,915,740**

The above table is based on the credit ratings assigned by Moody's or other agencies converted into Moody's scale.

As at 31 December 2022, the Company held financial instruments issued by two issuers (2021: one issuer) whose balances account for more than 10% of held-to-maturity investments. The total gross value of these balances as at 31 December 2022 is KZT 222,844,965 thousand (2021: KZT 149,341,027 thousand).

For the years ended 31 December 2022 and 31 December 2021 no movements in impairment allowance for held-to maturity investments.

As at 31 December 2022, the annual effective interest rates generated by held-to maturity investments ranged from 3.88% to 17.5% per annum (31 December 2021: from 3.88% to 11.25% per annum). As at 31 December 2022, maturities of the held-to-maturity investments range from January 2023 to October 2048 (31 December 2021: from March 2022 to October 2048).

15 Investment property

	Land plots and buildings KZT'000
Cost	
Balance at 1 January 2022	5,755,732
Transfer to property, plant and equipment	(918,529)
Balance at 31 December 2022	**4,837,203**
Depreciation	
Balance at 1 January 2022	(297,108)
Depreciation charge for the year	(65,623)
Transfer to property, plant and equipment	57,769
Balance at 31 December 2022	**(304,962)**
Carrying amount at 31 December 2022	**4,532,241**
Cost	
Balance at 1 January 2021	4,842,854
Additions	912,878
Balance at 31 December 2021	**5,755,732**
Depreciation	
Balance at 1 January 2021	(227,262)
Depreciation charge for the year	(69,846)
Balance at 31 December 2021	**(297,108)**
Carrying amount at 31 December 2021	**5,458,624**

As at 31 December 2022 and 31 December 2021, the carrying value of investment property approximates its fair value. In 2022 and 2021, the Company performed an internal valuation of investment property. A market approach was used to measure the fair value of assets. The market approach is based on the analysis of the results of comparable sales of similar properties. The fair value of investment property is categorised into Level 3 of the fair value hierarchy.

The Company recognised income from rent payments in the amount of KZT 332,083 thousand (2021: KZT 322,795 thousand) received under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'

16 Property, plant and equipment and intangible assets

KZT'000	Land plots and buildings	Computers and office equipment	Vehicles	Construction in progress	Other property, plant and equipment	Intangible assets	Total
Cost							
Balance at 1 January 2022	3,310,226	956,600	387,568	-	1,537,366	532,161	6,723,921
Additions	-	52,323	13,500	530,641	143,703	62,869	803,036
Transfer from investment property	461,905	-	-	456,624	-	-	918,529
Disposals	-	(8,123)	(10,460)	-	(8,039)	-	(26,622)
Balance at 31 December 2022	**3,772,131**	**1,000,800**	**390,608**	**987,265**	**1,673,030**	**595,030**	**8,418,864**
Depreciation							
Balance at 1 January 2022	(313,361)	(572,057)	(275,950)	-	(804,415)	(306,059)	(2,271,842)
Depreciation charge for the year	(61,758)	(119,912)	(56,034)	-	(179,270)	(88,482)	(505,456)
Transfer from investment property	(57,769)	-	-	-	-	-	(57,769)
Disposals	-	7,938	10,460	-	4,247	-	22,645
Balance at 31 December 2022	**(432,888)**	**(684,031)**	**(321,524)**	**-**	**(979,438)**	**(394,541)**	**(2,812,422)**
Carrying amount							
At 31 December 2022	**3,339,243**	**316,769**	**69,084**	**987,265**	**693,592**	**200,489**	**5,606,442**
Cost							
Balance at 1 January 2021	3,292,587	890,995	385,913	-	1,450,931	434,178	6,454,604
Additions	17,639	67,868	10,500	40,301	92,160	97,983	326,451
Disposals	-	(2,263)	(8,845)	(40,301)	(5,725)	-	(57,134)
Balance at 31 December 2021	**3,310,226**	**956,600**	**387,568**	**-**	**1,537,366**	**532,161**	**6,723,921**
Depreciation							
Balance at 1 January 2021	(254,723)	(458,985)	(209,597)	-	(619,352)	(240,934)	(1,783,591)
Depreciation charge for the year	(58,638)	(115,275)	(75,198)	-	(190,228)	(65,125)	(504,464)
Disposals	-	2,203	8,845	-	5,165	-	16,213
Balance at 31 December 2021	**(313,361)**	**(572,057)**	**(275,950)**	**-**	**(804,415)**	**(306,059)**	**(2,271,842)**
Carrying amount							
At 31 December 2021	**2,996,865**	**384,543**	**111,618**	**-**	**732,951**	**226,102**	**4,452,079**

17 Insurance and reinsurance receivables

	2022 KZT'000	2021 KZT'000
Amounts due from policyholders	2,854,651	1,771,406
Amounts due from reinsurers	20,101,119	18,182,006
	22,955,770	**19,953,412**
Impairment allowance	(335,633)	(323,692)
	22,620,137	**19,629,720**

As at 31 December 2022, the Company had one reinsurer, whose balance of receivables exceeded 10% of total insurance and reinsurance receivables (2021: two reinsurers). The total gross value of this balance as at 31 December 2022 is KZT 9,437,229 thousand (2021: KZT 9,606,521 thousand).

Movements in impairment allowance for insurance and reinsurance receivables for the years ended 31 December are as follows:

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year	(323,692)	(216,675)
Net charge	(41,138)	(131,620)
Write-offs	29,197	24,603
Balance at the end of the year	**(335,633)**	**(323,692)**

Credit quality of insurance and reinsurance receivables

The following table provides information on the credit quality of insurance and reinsurance receivables as at 31 December 2022:

31 December 2022	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance for gross receivables %
Amounts due from policyholders and reinsurers				
Amounts due from policyholders				
Not overdue	2,010,089	-	2,010,089	-
Overdue or impaired:				
- overdue less than 90 days	707,662	-	707,662	-
- overdue more than 90 days and less than 1 year	74,924	(74,924)	-	100%
- overdue more than 1 year	61,976	(61,976)	-	100%
Total overdue or impaired receivables due from policyholders	**844,562**	**(136,900)**	**707,662**	**16%**
Total amounts due from policyholders	**2,854,651**	**(136,900)**	**2,717,751**	**5%**

31 December 2022	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance for gross receivables %
Amounts due from reinsurers				
Not overdue	18,528,888	-	18,528,888	-
Overdue or impaired:				
- overdue less than 90 days	1,373,498	-	1,373,498	-
- overdue more than 90 days and less than 1 year	98,928	(98,928)	-	100%
- overdue more than 1 year	99,805	(99,805)	-	100%
Total overdue or impaired receivables from reinsurers	**1,572,231**	**(198,733)**	**1,373,498**	**13%**
Total amounts due from reinsurers	**20,101,119**	**(198,733)**	**19,902,386**	**1%**
Total amounts due from policyholders and reinsurers	**22,955,770**	**(335,633)**	**22,620,137**	**2%**

The following table provides information on the credit quality of insurance and reinsurance receivables as at 31 December 2021:

31 December 2021	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance for gross receivables %
Amounts due from policyholders and reinsurers				
Amounts due from policyholders				
Not overdue	1,349,389	-	1,349,389	-
Overdue or impaired:				
- overdue less than 90 days	314,551	-	314,551	-
- overdue more than 90 days and less than 1 year	42,478	(42,478)	-	100%
- overdue more than 1 year	64,988	(64,988)	-	100%
Total overdue or impaired receivables due from policyholders	**422,017**	**(107,466)**	**314,551**	**26%**
Total amounts due from policyholders	**1,771,406**	**(107,466)**	**1,663,940**	**6%**

31 December 2021	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance for gross receivables %
Amounts due from reinsurers				
Not overdue	17,160,892	-	17,160,892	-
Overdue or impaired:				
- overdue less than 90 days	804,888	-	804,888	-
- overdue more than 90 days and less than 1 year	172,777	(172,777)	-	100%
- overdue more than 1 year	43,449	(43,449)	-	100%
Total overdue or impaired receivables from reinsurers	**1,021,114**	**(216,226)**	**804,888**	**21%**
Total amounts due from reinsurers	**18,182,006**	**(216,226)**	**17,965,780**	**1%**
Total amounts due from policyholders and reinsurers	**19,953,412**	**(323,692)**	**19,629,720**	**2%**

18 Insurance contract provisions and reinsurers' share in insurance contract provisions

KZT'000	Gross 2022	Reinsurance 2022	Net 2022
Unearned premium provision	75,272,011	(1,084,558)	74,187,453
Provision for claims incurred but not reported	22,032,747	(98,427)	21,934,320
Provision for claims reported but not settled	97,302,976	(1,154,285)	96,148,691
	194,607,734	**(2,337,270)**	**192,270,464**

KZT'000	Gross 2021	Reinsurance 2021	Net 2021
Unearned premium provision	57,195,622	(654,034)	56,541,588
Provision for claims incurred but not reported	19,148,485	(113,835)	19,034,650
Provision for claims reported but not settled	76,425,436	(606,144)	75,819,292
	152,769,543	**(1,374,013)**	**151,395,530**

(a) Analysis of movements in insurance contract provisions, net of reinsurance

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year, net of reinsurance	151,395,530	105,171,971
Premiums written	153,040,157	122,236,097
Premiums earned	(134,963,768)	(106,053,846)
Claims reported	70,128,377	71,642,569
Prior years' claims reported	(8,651,479)	(6,127,984)
Claims paid	(55,122,707)	(27,327,006)
Assessment of amount of claims incurred but not reported during the year	21,333,943	16,438,653
Change in estimates of claims reported but not settled in prior reporting periods	5,871,870	(16,258,716)
Change in provisions for incurred but not reported claims in prior years	(9,798,202)	(7,879,340)
Change in reinsurers' share	(963,257)	(446,868)
Balance at the end of the year, net of reinsurance	**192,270,464**	**151,395,530**

(b) Analysis of movements in provision for unearned premiums, net of reinsurance

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year, net of reinsurance	56,541,588	40,192,561
Premiums written	153,040,157	122,236,097
Premiums earned	(134,963,768)	(106,053,846)
Change in reinsurers' share	(430,524)	166,776
Balance at the end of the year, net of reinsurance	**74,187,453**	**56,541,588**

(c) Analysis of movements in provision for claims incurred but not reported, net of reinsurance

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year, net of reinsurance	19,034,650	16,688,512
Assessment of amount of claims incurred but not reported during the year	21,333,943	16,438,653
Claims reported during the current period	(8,651,479)	(6,127,983)
Change in provision for prior years' claims	(9,798,202)	(7,879,341)
Change in reinsurers' share	15,408	(85,191)
Balance at the end of the year, net of reinsurance	**21,934,320**	**19,034,650**

(d) Analysis of movements in provision for claims reported but not settled, net of reinsurance

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year, net of reinsurance	75,819,292	48,290,897
Current year claims reported	61,476,898	65,514,586
Prior years' claims reported	8,651,479	6,127,983
Change in estimates of claims in prior reporting periods*	5,871,870	(16,258,716)
Current year claims paid	(19,441,065)	(12,507,458)
Prior years' claims paid	(35,681,642)	(14,819,548)
Change in reinsurers' share	(548,141)	(528,452)
Balance at the end of the year, net of reinsurance	**96,148,691**	**75,819,292**

*Change in estimates for prior periods' losses in 2021 represents a revaluation of claims and denials for losses reported before 2021 in the amount of KZT 8,768,649 thousand and KZT 7,490,067 thousand, respectively. This change was mainly due to inward reinsurance contracts for the line of voluntary property insurance. The most significant denials occurred due to claims reported as a result of strikes and looting in the United States of America in the amount of KZT 1,582,823 thousand, Delta hurricane in the amount of KZT 1,177,988 thousand, and earthquake in Mexico in the amount of KZT 985,545 thousand. The most significant revaluation in the amount of KZT 2,000,930 thousand occurred in respect of claims reported as a result of Eta hurricane.

(e) Analysis of insurance contract provisions by main lines of business

2022 KZT'000	Obligatory insurance			Voluntary insurance						
	Employer's liability	**Vehicle owner's liability**	**Other obligatory**	**Property**	**Medical**	**Air/Water/ Motor transport**	**Accident**	**General insurance**	**Other voluntary**	**Total**
Unearned premium provision	-	14,222,022	645,277	27,816,723	1,781,864	5,752,329	7,960,290	16,647,893	445,613	75,272,011
Provision for claims incurred but not reported	-	1,953,295	65,159	18,497,985	221,459	127,119	55,698	157,186	954,846	22,032,747
Provision for claims reported but not settled	-	2,744,288	203,014	91,972,497	1,024	1,757,316	72,861	318,631	233,345	97,302,976
Gross insurance contract provisions	**-**	**18,919,605**	**913,450**	**138,287,205**	**2,004,347**	**7,636,764**	**8,088,849**	**17,123,710**	**1,633,804**	**194,607,734**
Reinsurers' share in insurance contract provisions	-	-	-	(2,168,022)	-	(17,153)	-	(28,896)	(123,199)	(2,337,270)
Net insurance contract provisions	**-**	**18,919,605**	**913,450**	**136,119,183**	**2,004,347**	**7,619,611**	**8,088,849**	**17,094,814**	**1,510,605**	**192,270,464**

2021 KZT'000	Obligatory insurance			Voluntary insurance						
	Employer's liability	**Vehicle owner's liability**	**Other obligatory**	**Property**	**Medical**	**Air/Water/ Motor transport**	**Accident**	**General insurance**	**Other voluntary**	**Total**
Unearned premium provision	-	11,250,129	522,233	24,532,209	1,431,044	4,786,970	8,816,352	5,259,103	597,582	57,195,622
Provision for claims incurred but not reported	1,548,623	1,280,965	49,053	15,014,562	197,569	176,125	42,804	346,103	492,681	19,148,485
Provision for claims reported but not settled	194,314	2,831,515	281,051	70,482,040	103	2,078,775	46,901	194,835	315,902	76,425,436
Gross insurance contract provisions	**1,742,937**	**15,362,609**	**852,337**	**110,028,811**	**1,628,716**	**7,041,870**	**8,906,057**	**5,800,041**	**1,406,165**	**152,769,543**
Reinsurers' share in insurance contract provisions	-	-	-	(1,214,133)	-	(10,004)	-	(10,811)	(139,065)	(1,374,013)
Net insurance contract provisions	**1,742,937**	**15,362,609**	**852,337**	**108,814,678**	**1,628,716**	**7,031,866**	**8,906,057**	**5,789,230**	**1,267,100**	**151,395,530**

(f) Key provision assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market prices or other published information. However, there is a general lack of publicly available information on Kazakhstan insurance market, which would be relevant to determining assumptions and sensitivity to changes in core business.

The nature of the business makes it difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of many of the items affecting the ultimate cost of the loss is difficult to estimate. The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

Provisions for claims incurred but not reported ("IBNR") are estimated using a range of chain ladder statistical methods. Such methods extrapolate the development of paid and incurred claims for each accident year based upon observed development of earlier years.

To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case. Such reasons include economic, legal, political and social trends, change in mix of business, random fluctuations, including the impact of large losses.

The assumptions that have the greatest effect on the measurement of general insurance contract provisions are the expected loss ratios for the most recent accident months. The expected loss ratio is the ratio of expected claims to earned premiums. When determining the total liability, the projection of future cash flows includes the estimated values of parameters that can affect the amount of an individual claim.

Management believes that due to the short-tailed nature of the majority of the Company's business except for employer's liability and property insurance classes, the performance of the Company's portfolio is sensitive mainly to changes in expected loss ratios. The Company adjusts its insurance tariffs on a regular basis, based on the latest developments in these variables so that any emerging trends are taken into account.

19 Investments in subsidiary

Subsidiary	Country of incorporation	Activity	Partici-pating interest	2022 KZT'000 Balance of investment	2021 KZT'000 Balance of investment
Eurasia Life Insurance Company JSC	Kazakhstan	Life insurance	100%	16,002,193	13,476,982
				16,002,193	**13,476,982**

On 19 November 2018 the Company established a subsidiary - Eurasia Life Insurance Company JSC. On 4 March 2019 Eurasia Life Insurance Company JSC received a license for insurance (reinsurance) activity in the "life insurance" industry.

During 2022 the Company acquired additional shares of Eurasia Life Insurance Company JSC for the total amount of KZT 2,525,211 thousand (2021: KZT 4,442,801 thousand).

As at 31 December 2022 and 31 December 2021 the Company owns 100% interest in the subsidiary.

The Company uses its own experience and judgments to assess provision for impairment of investments in subsidiary. The Company's management believes that net assets are the most appropriate technique to estimate a recoverable amount of investments as at the reporting date. As at 31 December 2022 and 31 December 2021 the Company's management did not identify any evidence of impairment of investment in subsidiary. Net assets of subsidiary equalled to KZT 21,920,106 thousand and KZT 15,140,501 thousand as at 31 December 2022 and 31 December 2021, respectively.

20 Other assets

	2022 KZT'000	2021 KZT'000
Other receivables	3,297,393	741,137
Impairment allowance	(2,637,029)	(252,515)
Total other financial assets	**660,364**	**488,622**
Prepayments	453,674	124,173
Settlements with employees	10,670	10,273
Materials and supplies	158	177
Impairment allowance	(3,153)	(7,123)
Total other non-financial assets	**461,349**	**127,500**
Total other assets	**1,121,713**	**616,122**

Analysis of movements in impairment allowance

Movements in the impairment allowance for the years ended 31 December are as follows:

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year	(259,638)	(198,625)
Net charge	(2,401,339)	(94,531)
Write-offs	20,795	33,518
Balance at the end of the year	**(2,640,182)**	**(259,638)**

During 2022 the securities of the issuer VTB Capital SA. with a carrying amount of KZT 2,295,152 thousand has matured. Due to sanctions imposed on Russian Banks and the impossibility of receiving payment on the bonds, the Company has recognized impairment for the full amount of redeemed bonds.

As at 31 December 2022, other assets included receivables, other than receivables from VTB Capital SA. with overdue gross balances of KZT 469,506 thousand (31 December 2021: KZT 343,932 thousand), of which receivables of KZT 155,661 thousand (31 December 2021: KZT 117,807 thousand) are overdue for more than 90 days but less than one year and KZT 187,455 thousand (31 December 2021: KZT 130,720 thousand) are overdue for more than one year.

21 Insurance and reinsurance payables

	2022 KZT'000	2021 KZT'000
Brokers' fees payable	885,287	618,800
Prepaid insurance premiums	655,502	596,490
Reinsurance payables	513,255	338,502
Insurance payables	80,902	60,681
	2,134,946	**1,614,473**

The entire amount of reinsurance payables is represented by payables for written premiums ceded to reinsurers.

22 Amounts payable under repurchase agreements

During 2021, the Company entered into repurchase agreements at Kazakhstan Stock Exchange. As at 31 December 2021 the amounts payable under repurchase agreements were KZT 2,396,723 thousand, which have been repaid in January 2022.

The subject-matter of these agreements were coupon bonds of the Ministry of Finance of the Republic of Kazakhstan with fair value of KZT 2,274,532 thousand. As at 31 December 2021 the Company had securities pledged as collateral under repo agreements with carrying amount of KZT 2,529,198 thousand (Note 14).

As at 31 December 2022 the Company had no open repurchase agreements.

Disclosure of changes in payables under repurchase agreements and cash flows from financial activities:

	2022 KZT'000	2021 KZT'000
Balance as at 1 January	**2,396,723**	**3,527,059**
Repurchase agreements concluded	358,160	41,341,284
Repurchase agreements closed	(2,754,883)	(42,471,620)
Interest accrued	30,951	250,889
Interest paid	(30,951)	(250,889)
	-	**2,396,723**

23 Other liabilities

	2022 KZT'000	2021 KZT'000
Payables to employees	951,023	254,451
Other taxes payable	355,701	334,411
Other payables	375,186	325,306
	1,681,910	**914,168**

24 Equity

(a) Share capital

	Ordinary shares 2022	Ordinary shares 2021
Authorised (ordinary) shares	300,000,000	300,000,000
Issued and outstanding (ordinary) shares	178,211,607	161,903,856
Nominal value, KZT'000	1	1
Issued and fully paid, KZT'000	**178,211,607**	**161,903,856**

During the year ended 31 December 2022 the Company issued 16,307,751 ordinary shares (2021: the Company issued 26,438,339 ordinary shares) at nominal value.

(b) Capital management

The Company is subject to the regulatory requirements of the Republic of Kazakhstan regarding solvency margin as defined by regulations of the NBRK.

The Company is required to maintain a solvency margin ratio at not less than 1. Solvency margin ratio is determined by dividing the actual solvency margin by minimum required solvency margin. Minimum required solvency margin is a composite measure based on a number of factors including net earned premiums, claims paid and premiums ceded to foreign reinsurers.

As at 31 December 2022 and 31 December 2021, the Company complies with the solvency margin ratios, which are as follows:

	2022 KZT'000	2021 KZT'000
Actual solvency margin	163,937,100	166,569,847
Minimum solvency margin	19,169,135	15,181,895
Solvency margin	**8.55**	**10.97**

(c) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS Standards or net profit for the year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at 31 December 2022, total reserves available for distribution amounted to KZT 38,450,262 thousand (31 December 2021: KZT 32,238,221 thousand).

During the year ended 31 December 2022 dividends of KZT 32,357,751 thousand or KZT 199.86 per share were declared and paid (2021: KZT 44,618,339 thousand or 329.37 per share) of which KZT 16,307,751 thousand the shareholders reinvested as contribution to share capital (2021: KZT 26,438,339 thousand).

(d) Stabilisation reserve

During 2022 the Company transferred KZT 119,530 thousand from the stabilisation reserve to retained earnings (2021: KZT 5,540,021 thousand) as in accordance with the Resolution of the Management Board of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organisations No.304 dated 26 December 2016 "On Requirements for the Formation, Methodology of Calculation of Insurance Reserves and their Structure, Forms and Deadlines for Submission of Reports in Insurance Reserves", the Company is required to establish a stabilisation reserve for those insurance products that demonstrate loss rates subject to significant fluctuations during five preceding years. When calculating the stabilisation reserve as at 31 December 2021, the year 2015 was eliminated from the calculation statistics, which was characterised by a high loss ratio, in particular for the property insurance class, which in turn resulted in significant decrease of the stabilisation reserve in 2021.

25 Financial instruments risk management

(a) Risk management policies and procedures

Management of risk is fundamental to the Company's business and forms an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk. The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures. The Management Board is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Company operates within established risk parameters.

The Head of the Risk Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the Board of Directors and indirectly to the Chairman of the Board.

Both external and internal risk factors are identified and managed throughout the organisation. Special attention is given to revealing the whole list of risk factors and determining the level of adequacy of the current risk mitigation procedures. Apart from the standard credit and market risk analysis, Risk Management Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their respective areas of expertise.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

Overall responsibility for market risk is vested in the Risk Management Department, which is controlled by the Board of Directors. Market risk limits are approved by the Board of Directors.

The Company manages its market risk by setting open position limits in relation to individual financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis.

The management of the interest rates risk component of market risk by monitoring the interest rate gap is supplemented by monitoring the sensitivity of the Company's net interest margin to various standard and non-standard interest rate scenarios.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate risk arises when the actual or forecast assets of a given maturity period are either greater or less than the actual or forecast liabilities in that maturity period.

(ii) Currency risk

The Company has assets and liabilities denominated in several foreign currencies. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2022:

KZT'000	KZT	USD	EUR	GBP	RUB	Other	Total
Assets							
Cash and cash equivalents	6,427,089	6,652,660	1,282,112	1,447	3,938	2	14,367,248
Held-to maturity investments	197,748,816	102,158,450	-	1,299,576	-	-	301,206,842
Insurance and reinsurance receivables	2,804,473	15,040,402	2,312,451	342,715	-	2,120,096	22,620,137
Reinsurers' share in insurance contract provisions	1,252,712	-	-	-	-	-	1,252,712
Other financial assets	657,703	2,661	-	-	-	-	660,364
Total assets	**208,890,793**	**123,854,173**	**3,594,563**	**1,643,738**	**3,938**	**2,120,098**	**340,107,303**
Liabilities							
Insurance contract provisions	(20,059,130)	(81,318,822)	(12,436,567)	(233,161)	(16,348)	(5,271,695)	(119,335,723)
Insurance and reinsurance payables	(890,569)	(434,062)	(5,602)	-	(40,403)	(108,808)	(1,479,444)
Other financial liabilities	(370,987)	(4,160)	(15)	-	-	(24)	(375,186)
Total liabilities	**(21,320,686)**	**(81,757,044)**	**(12,442,184)**	**(233,161)**	**(56,751)**	**(5,380,527)**	**(121,190,353)**
Net position as at 31 December 2022	**187,570,107**	**42,097,129**	**(8,847,621)**	**1,410,577**	**(52,813)**	**(3,260,429)**	**218,916,950**

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2021:

KZT'000	KZT	USD	EUR	GBP	RUB	Other	Total
Assets							
Cash and cash equivalents	4,211,857	7,859,840	1,265,659	35,073	88,434	-	13,460,863
Held-to maturity investments	151,311,110	97,225,972	-	1,378,658	-	-	249,915,740
Insurance and reinsurance receivables	1,706,714	11,384,433	3,611,425	416,717	71,827	2,438,604	19,629,720
Reinsurers' share in insurance contract provisions	719,979	-	-	-	-	-	719,979
Other financial assets	453,230	35,392	-	-	-	-	488,622
Total assets	**158,402,890**	**116,505,637**	**4,877,084**	**1,830,448**	**160,261**	**2,438,604**	**284,214,924**
Liabilities							
Insurance contract provisions	(9,456,544)	(69,201,858)	(9,748,053)	(108,463)	(612,657)	(6,446,346)	(95,573,921)
Insurance and reinsurance payables	(615,320)	(296,359)	(15,115)	-	-	(91,189)	(1,017,983)
Amounts payable under repurchase agreements	(2,396,723)	-	-	-	-	-	(2,396,723)
Other financial liabilities	(325,306)	-	-	-	-	-	(325,306)
Total liabilities	**(12,793,893)**	**(69,498,217)**	**(9,763,168)**	**(108,463)**	**(612,657)**	**(6,537,535)**	**(99,313,933)**
Net position as at 31 December 2021	**145,608,997**	**47,007,420**	**(4,886,084)**	**1,721,985**	**(452,396)**	**(4,098,931)**	**184,900,991**

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2022 and 2021 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2022		2021	
KZT'000	**Net income**	**Equity**	**Net income**	**Equity**
20% appreciation of USD	6,735,541	6,735,541	7,521,187	7,521,187
20% appreciation of EUR	(1,415,619)	(1,415,619)	(781,773)	(781,773)
20% appreciation of GBP	225,692	225,692	275,518	275,518
20% appreciation of RUB	(8,450)	(8,450)	(72,383)	(72,383)

A strengthening of KZT against the above currencies at 31 December 2022 and 31 December 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises when the Company takes a long or short position in a financial instrument.

An analysis of sensitivity of profit or loss and equity to changes in securities prices based on positions existing as at 31 December 2022 and 2021 and a simplified scenario of a 5% change in all securities prices is as follows: The analysis was made on a before tax basis.

	2022		2021	
KZT'000	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
5% increase in securities prices	-	1,732,269	-	2,611,068
5% decrease in securities prices	-	(1,732,269)	-	(2,611,068)

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration. The credit policy is reviewed and approved by the Management Board.

The Company continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. Apart from individual customer analysis, the credit portfolio is assessed by the Risk Department with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the separate statement of financial position and unrecognised contractual commitments. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to a balance sheet credit risk at the reporting date is as follows:

	2022 KZT'000	2021 KZT'000
ASSETS		
Cash and cash equivalents	14,366,993	13,460,302
Held-to maturity investments	301,206,842	249,915,740
Insurance and reinsurance receivables	22,620,137	19,629,720
Reinsurers' share in insurance contract provisions	1,252,712	719,979
Other financial assets	660,364	488,622
Total maximum exposure	**340,107,048**	**284,214,363**

As at 31 December 2022 the Company has balances with two counterparties (31 December 2021: one counterparty), credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for this counterparties as at 31 December 2022 is KZT 222,844,965 thousand (31 December 2021: KZT 149,341,027 thousand).

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Company's separate statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the separate statement of financial position.

The Company's sale and repurchase, reverse sale and repurchase transactions, and securities borrowing and lending are covered by master agreements with netting terms similar to those of ISDA Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed, and only a single net amount is due or payable in settlement transactions. The above ISDA master netting arrangements do not meet the offsetting criteria in the separate statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2022 the Company did not have financial assets and financial liabilities subject to enforceable master netting arrangements and similar arrangements.

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2021.

KZT'000 Types of financial assets/liabilities	**Gross amounts of recognised financial asset/liability**	**Gross amounts of recognised financial liability/asset offset in the separate statement of financial position**	**Net amount of financial asset/liability presented in the separate statement of financial position**	**Related amounts not offset in the separate statement of financial position: Financial instruments**	**Net amount**
Reverse repurchase agreements, securities borrowings and similar agreements	2,398,629	-	2,398,629	(2,398,629)	-
Total financial assets	**2,398,629**	**-**	**2,398,629**	**(2,398,629)**	**-**
Repurchase agreements, securities lending agreements	(2,396,723)	-	(2,396,723)	2,396,723	-
Total financial liabilities	**(2,396,723)**	**-**	**(2,396,723)**	**2,396,723**	**-**

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the separate statement of financial position that are disclosed in the above tables are measured in the separate statement of financial position at amortised cost.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched, since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company mitigates this risk by analysing liquidity gaps and maturity on an ongoing basis.

The following table shows financial liabilities by remaining contractual maturity dates as at 31 December 2022. Insurance liabilities are shown based on expected maturities. The Company's undiscounted flows from financial liabilities do not differ significantly from their carrying amount.

KZT'000	Less than 1 month	From 1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities and insurance liabilities					
Insurance contract provisions	1,056,446	11,665,879	47,545,355	59,068,043	119,335,723
Insurance and reinsurance payables	966,344	109,028	328,441	75,631	1,479,444
Other financial liabilities	375,186	-	-	-	375,186
Total financial liabilities as at 31 December 2022	**2,397,976**	**11,774,907**	**47,873,796**	**59,143,674**	**121,190,353**

The following table shows financial liabilities by remaining contractual maturity dates as at 31 December 2021. Insurance liabilities are shown based on expected maturities. The Company's undiscounted flows from financial liabilities do not differ significantly from their carrying amount.

KZT'000	Less than 1 month	From 1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities and insurance liabilities					
Insurance contract provisions	1,022,088	9,880,613	37,407,173	47,264,047	95,573,921
Insurance and reinsurance payables	768,817	108,406	63,611	77,149	1,017,983
Amounts payable under repurchase agreements	2,396,723	-	-	-	2,396,723
Other financial liabilities	325,306	-	-	-	325,306
Total financial liabilities as at 31 December 2021	**4,512,934**	**9,989,019**	**37,470,784**	**47,341,196**	**99,313,933**

26 Contingencies

(a) Litigations

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial conditions or the results of future operations of the Company.

(b) Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the separate financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these separate financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

27 Financial assets and liabilities: fair values

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The fair value of unquoted equity securities available-for-sale with a carrying value of KZT 10,694 thousand (2021: KZT 10,694 thousand) cannot be determined.

(a) Fair value hierarchy

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

As at 31 December 2022, financial instruments measured at fair value of KZT 34,634,681 thousand are categorised to Level 1 of fair value hierarchy (31 December 2021: KZT 52,210,661 thousand are categorised to Level 1 of fair valuer hierarchy).

As at 31 December 2022 and 31 December 2021 the fair value of financial assets measured at amortised cost, other than held-to-maturity investments approximates to their carrying value and categorised to Level 2 of fair value hierarchy.

The following table analyses the fair value of held-to maturity investments, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2022:

KZT'000	Level 1	Level 2	Total fair values	Total carrying amount
Held-to maturity investments	97,679,014	177,587,976	275,266,990	301,206,842

The following table analyses the fair value of held-to maturity investments, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2021:

KZT'000	Level 1	Level 2	Total fair values	Total carrying amount
Held-to maturity investments	101,569,432	163,658,108	265,227,540	249,915,740

28 Related party transactions

(a) Control relationships

As at 31 December 2022 members of the Board of Directors and the Management Board of the Company and their close family members hold 5% of the Company's shares (31 December 2021: 5%).

The Company's parent company is JSC Eurasian Financial Company (the "Parent company"). The Parent company is controlled by the group of individuals, Mr Mashkevich A.A., Mr Chodiyev P.K. and Ms Ibragimova M.Kh., each of whom owns 33.3%. Publicly available consolidated financial statements are produced by the Company's parent.

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the year ended 31 December 2022 and 31 December 2021 is as follows:

	2022 KZT'000	2021 KZT'000
Members of the Board of Directors and Management Board	1,879,376	2,097,776

(c) Transactions with other related parties

Other related parties comprise companies under control of Mr Mashkevich A.A., Mr Chodiyev P.K. and Ms Ibragimova M.Kh.

The outstanding balances as of 31 December 2022 and related profit or loss amounts of transactions with other related parties are as follows:

	Parent company	Subsidiary	Fellow subsidiaries		Other	Total
	KZT'000	KZT'000	KZT'000	Average interest rate, %	KZT'000	KZT'000
Assets						
Cash and cash equivalents						
- in KZT	-	-	6,366,973	15%	-	6,366,973
- in USD	-	-	6,652,644	2%	-	6,652,644
- in EUR	-	-	1,282,112	-	-	1,282,112
- in RUB	-	-	4,110	5%	-	4,110
Investments in subsidiary	-	16,002,193	-	-	-	16,002,193
Insurance and reinsurance receivables	-	-	456,179	-	343,349	799,528
Other assets	-	-	-	-	400,000	400,000
Liabilities						
Insurance contract provisions	(642,677)	(263,848)	(2,603,857)	-	(12,827,332)	(16,337,714)
Insurance and reinsurance payables	-	(133,634)	(457,356)	-	-	(590,990)
Other liabilities	-	(64,147)	(56,465)	-	(12,035)	(132,647)
Profit/(loss)						
Gross premiums written	98,419	104,711	5,112,526	-	19,536,341	24,851,997
Net finance income	-	1,475,211	591,084	-	-	2,066,295
Other income	10,598	33,391	47,993	-	175,241	267,223
Claims incurred	-	(67,714)	(575,804)	-	(3,238,636)	(3,882,154)
Change in insurance contract provisions	-	59,067	241,975	-	-	301,042
Fee and commission expense	-	-	(4,463,116)	-	-	(4,463,116)
Other expenses	-	(450,000)	(115,669)	-	-	(565,669)
Commitments						
Total aggregate exposures*	2,144,300	2,220,150	70,954,957	-	270,551,485	345,870,892

* Commitments comprise a total insurance amount under valid insurance contracts entered into with related parties

In 2022 the Company declared and paid dividends to the shareholders of KZT 32,357,751 thousand (2021: KZT 44,618,339 thousand).

Due to changes in legislation during 2022 the Company has transferred the insurance portfolio for obligatory employers' liability to subsidiary organisation. The fair value of the insurance provisions as at the date of transfer and consideration paid for the transferred insurance portfolio was KZT 450,000 thousand.

The outstanding balances as of 31 December 2021 and related profit or loss amounts of transactions with other related parties are as follows:

	Parent company	Subsidiary	Fellow subsidiaries		Other	Total
	KZT'000	KZT'000	KZT'000	Average interest rate, %	KZT'000	KZT'000
Assets						
Cash and cash equivalents						
- in KZT	-	-	413,585	9%	-	413,585
- in USD	-	-	7,859,440	0.5%	-	7,859,440
- in EUR			1,265,659	-		1,265,659
- in RUB	-	-	88,514	5%	-	88,514
- other			35,073	-		35,073
Investments in subsidiary	-	13,476,982	-	-	-	13,476,982
Insurance and reinsurance receivables	-	-	339,819	-	124,975	464,794
Other assets	-	-	-	-	260,000	260,000
Liabilities						
Insurance contract provisions	(535)	(322,916)	(2,845,882)	-	(2,482,159)	(5,651,492)
Insurance and reinsurance payables	-	-	(182,808)	-	-	(182,808)
Other liabilities	-	-	(55,804)	-	(13,674)	(69,478)
Profit/(loss)						
Gross premiums written	53,364	457,000	4,067,149	-	16,707,393	21,284,906
Net finance income	-	1,442,801	385,444	-	-	1,828,245
Other income	10,613	33,454	48,000	-	169,104	261,171
Claims incurred	-	(7,840)	(529,652)	-	(2,768,713)	(3,306,205)
Change in insurance contract provisions	(56)	(322,867)	(43,396)	-	(1,310,905)	(1,677,224)
Fee and commission expense	-	-	(1,627,967)	-	-	(1,627,967)
Other expenses	-	-	(85,400)	-	-	(85,400)
Commitments						
Total aggregate exposures*	30,249	15,016,432	70,729,777	-	347,247,820	433,024,278

* Commitments comprise a total insurance amount under valid insurance contracts entered into with related parties