

Eurasia Insurance Company JSC

Consolidated Financial Statements
for the year ended 31 December 2022

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Eurasia Insurance Company JSC and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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:

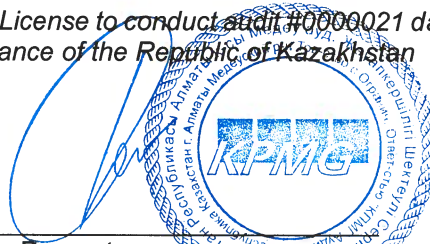
Andrey Kouznetsov
Audit Partner



Sergey Nezdemkovsky
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. MΦ-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



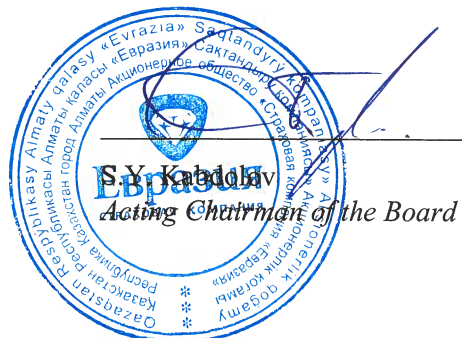
Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of the Charter


28 April 2023

Eurasia Insurance Company JSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	Note	2022 KZT'000	2021 KZT'000
Gross premiums written	5	171,304,185	152,049,605
Written premiums ceded to reinsurers	5	(10,347,050)	(4,539,826)
Net premiums written		160,957,135	147,509,779
Change in gross provision for unearned premiums	5	(21,835,366)	(16,059,453)
Reinsurers' share of change in gross provision for unearned premiums	5	430,524	(166,776)
Net premiums earned		139,552,293	131,283,550
Claims paid	6	(56,729,345)	(28,571,681)
Reinsurers' share of claims paid	6	31,259	45,660
Income from reimbursement from recourse claims	6	595,542	411,049
Change in the gross provision for claims not settled, including change in provision for non-incurred claims	6	(26,813,171)	(50,937,032)
Change in reinsurers' share in provisions for claims not settled	6	532,733	613,643
Claims incurred, including change in provision for non-incurred claims		(82,382,982)	(78,438,361)
Net finance income	7	31,138,418	22,163,987
Net realised gain from sale of available-for-sale financial assets		3,474,764	2,646,745
Net foreign exchange gain		9,322,552	2,484,206
Net fee and commission expense	8	(22,100,099)	(17,435,142)
Charge for impairment losses	9	(2,452,378)	(227,096)
General administrative expenses	10	(30,327,230)	(27,560,519)
Other operating income, net		221,182	737,516
Profit before income tax		46,446,520	35,654,886
Income tax expense	11	(3,764,339)	(3,416,568)
Profit for the year		42,682,181	32,238,318
Other comprehensive income, net of income tax			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
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 income for the year, net of income tax		(11,272,191)	9,763,254
Total comprehensive income for the year		31,409,990	42,001,572

The consolidated financial statements as set out on pages 6 to 69 were approved by the Management Board on 28 April 2023.





 G.M. Nurpeisova
 Acting Chief Accountant

Eurasia Insurance Company JSC
Consolidated Statement of Financial Position as at 31 December 2022

	Note	2022 KZT'000	2021 KZT'000
ASSETS			
Cash and cash equivalents	12	18,430,764	17,145,586
Available-for-sale financial assets	13	34,662,599	52,238,579
Financial instruments measured at fair value through profit or loss		53,261	45,330
Held-to-maturity investments			
- held by the Group	14	351,573,076	290,016,995
- pledged under sale and repurchase agreements	14	-	4,182,430
Investment property	15	4,532,241	5,458,624
Property, plant and equipment and intangible assets	16	5,672,898	4,511,440
Deferred acquisition costs	8	33,455,894	20,980,888
Insurance and reinsurance receivables	17	26,447,621	21,079,716
Current tax asset		-	361,293
Reinsurers' share in insurance contract provisions	18	2,337,270	1,374,013
Other assets	19	1,414,913	634,589
Total assets		478,580,537	418,029,483
LIABILITIES			
Insurance contract provisions	18	239,668,222	191,019,685
Insurance and reinsurance payables	20	2,665,364	1,980,025
Amounts payable under repurchase agreements	21	-	3,975,311
Deferred tax liabilities	11	373,237	1,482,616
Current tax liability		149,091	-
Other liabilities	22	1,870,945	1,078,158
Total liabilities		244,726,859	199,535,795
EQUITY			
Share capital	23(a)	178,211,607	161,903,856
Statutory reserve	23(d)	157,099	276,629
Other reserves	23(e)	645,049	188,307
Revaluation reserve for available-for-sale financial assets		11,095,313	22,367,504
Retained earnings		43,744,610	33,757,392
Total equity		233,853,678	218,493,688
Total liabilities and equity		478,580,537	418,029,483

Eurasia Insurance Company JSC
Consolidated Statement of Cash Flows for the year ended 31 December 2022

	2022	2021
	KZT'000	KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	42,682,181	32,238,318
<i>Adjustments for:</i>		
Depreciation and amortisation	585,161	587,753
Charge for impairment losses	2,452,378	227,096
Net finance income	(31,138,418)	(22,163,987)
Net realised gain on sale of available-for-sale financial assets	(3,474,764)	(2,646,745)
Unrealised foreign exchange gain	(9,322,552)	(2,484,206)
Gain on disposal of property, plant and equipment and intangible assets	-	(620)
Bonus and vacation reserve accrued	670,219	(28,685)
Income tax expense	3,764,339	3,416,568
Operating profit before changes in working capital (Increase)/decrease in operating assets	6,218,544	9,145,492
Reinsurers' share in insurance contract provisions	(963,257)	(446,867)
Insurance and reinsurance receivables	(4,184,086)	(7,372,211)
Deferred acquisition costs	(12,475,006)	(10,206,550)
Other assets	(865,131)	111,427
Increase/(decrease) in operating liabilities		
Insurance contract provisions	48,648,537	66,996,485
Insurance and reinsurance payables	461,673	(717,359)
Other liabilities	113,211	(42,709)
Net cash from operating activities before interest income and other finance income received and income tax paid	36,954,485	57,467,708
Interest income and other finance income received	30,155,122	23,662,385
Income tax paid	(3,359,523)	(3,584,341)
Net cash flows from operating activities	63,750,084	77,545,752
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)	(6,305,743)
Acquisition of held-to-maturity investments	(79,938,438)	(102,721,647)
Redemption of held-to-maturity investments	27,549,394	45,282,450
Acquisition of financial instruments measured at fair value through profit or loss	(7,931)	(45,330)
Acquisition of investment property	-	(912,878)
Acquisition of property, plant and equipment and intangible assets	(824,214)	(342,435)
Proceeds from the sale of property, plant and equipment and intangible assets	5,577	41,541
Net cash flows used in investing activities	(42,776,749)	(58,822,616)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts under repurchase agreements	383,032	72,624,437
Cash payments under repurchase agreements	(4,358,343)	(74,180,470)
Proceeds from issue of share capital	16,307,751	26,438,339
Dividends paid	(32,357,789)	(44,618,339)
Net cash flows used in financing activities	(20,025,349)	(19,736,033)
Net increase/(decrease) in cash and cash equivalents	947,986	(1,012,897)
Effect of movements in exchange rates on cash and cash equivalents	337,192	(56,118)
Cash and cash equivalents at the beginning of the year	17,145,586	18,214,601
Cash and cash equivalents at the end of the year (Note 12)	18,430,764	17,145,586

KZT'000	Share capital	Statutory reserve	Other reserves	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Balance at 1 January 2021	135,465,517	5,816,650	256,424	12,604,250	40,529,275	194,672,116
Total comprehensive income						
Profit for the year	-	-	-	-	32,238,318	32,238,318
Other comprehensive income						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
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	32,238,318	42,001,572
Transactions with owners recorded directly in equity						
Shares issued (Note 23(a))	26,438,339	-	-	-	-	26,438,339
Dividends declared and paid (Note 23(c))	-	-	-	-	(44,618,339)	(44,618,339)
Transfer to statutory reserve (Note 23(d))	-	(5,540,021)	-	-	5,540,021	-
Transfer to other reserves	-	-	(68,117)	-	68,117	-
Total transactions with owners	26,438,339	(5,540,021)	(68,117)	-	(39,010,201)	(18,180,000)
Balance at 31 December 2021	161,903,856	276,629	188,307	22,367,504	33,757,392	218,493,688

Eurasia Insurance Company JSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2022

KZT'000	Share capital	Statutory reserve	Other reserves	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Balance at 1 January 2022	161,903,856	276,629	188,307	22,367,504	33,757,392	218,493,688
Total comprehensive income						
Profit for the year	-	-	-	-	42,682,181	42,682,181
Other comprehensive income						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	-	(11,272,191)	-	(11,272,191)
Total other comprehensive income	-	-	-	(11,272,191)	-	(11,272,191)
Total comprehensive income for the year	-	-	-	(11,272,191)	42,682,181	31,409,990
Transactions with owners recorded directly in equity						
Shares issued (Note 23(a))	16,307,751	-	-	-	-	16,307,751
Dividends declared and paid (Note 23(c))	-	-	-	-	(32,357,751)	(32,357,751)
Transfer to statutory reserve (Note 23(d))	-	(119,530)	-	-	119,530	-
Transfer to other reserves	-	-	456,742	-	(456,742)	-
Total transactions with owners	16,307,751	(119,530)	456,742	-	(32,694,963)	(16,050,000)
Balance at 31 December 2022	178,211,607	157,099	645,049	11,095,313	43,744,610	233,853,678

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

1 Reporting entity

(a) Organisation and operations

These consolidated financial statements comprise the financial statements of Eurasia Insurance Company JSC (the “Company”) and its subsidiary Eurasia Life Insurance Company JSC (the “Group”).

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.

On 19 November 2018 the Company established a subsidiary organisation named Eurasia Life Insurance Company JSC. On 4 March 2019 Eurasia Life Insurance Company JSC obtained a licence for insurance (reinsurance) activity in the “life insurance” line. As at 31 December 2022 and 31 December 2021 the Company owns a 100% share in the subsidiary.

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

The Group’s registered office is 59 Zheltoksan Street, Almaty, A05D7G5, Republic of Kazakhstan. The Group’s head office is located in Almaty, and the Group has 39 branches as at 31 December 2022 (31 December 2021: 36 branches) in the Republic of Kazakhstan.

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

	31 December 2022, %	31 December 2021, %
Shareholders:		
Eurasian Financial Company JSC	95	95
Boris Grigorievich Umanov	5	5
Total	100	100

(b) Kazakhstan business environment

The Group’s operations are primarily located in Kazakhstan. Consequently, the Group 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.

The consolidated financial statements reflect the management’s assessment of the impact of the Republic of Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of accounting

(a) Statement of compliance

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

The Group 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 Group 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 consolidated financial statements are prepared on the historical cost basis except that the available-for-sale financial assets and financial instruments measured at fair value through profit or loss are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Group is the Kazakhstan Tenge 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 consolidated financial statements. All data in these consolidated financial statements are rounded to the nearest thousand tenge.

(d) Use of estimates and judgments

The preparation of consolidated 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 consolidated financial statements is included in the following notes:

- Assessment of whether the Group's activities are predominantly related to insurance – description of the assessment is presented below in this Note.

Assessment of whether the Group'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 Group applied temporary exemption from IFRS 9 as:

- the Group has not previously applied any version of IFRS 9; and
- the Group'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 Group'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 Group's total liabilities. The Group 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 Group.

The Group is not engaged in any significant activities unconnected with the insurance from which it may earn income and incur expenses. The Group is subject to all regulatory requirements related to insurers and considers insurance risk as its main business risk. In addition, the Group 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 Group's consolidated financial statements apply other industry classification to the Group.

Based on the assessment performed the Group concludes that as at 31 December 2015 the Group's activities are predominantly connected with insurance. Since 31 December 2015 there were no significant changes in the Group's operations, thus the Group did not perform reassessment of whether the Group'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 consolidated 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(q).

3 Significant accounting policies

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

(a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group 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. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Group 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 is 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 Group in the preparation of the consolidated financial statements at 31 December are as follows:

<i>Currency</i>	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 Group 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 Group 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 Group from the policyholder is not significant are classified as financial instruments.

(ii) Recognition and measurement of insurance contracts

Premiums

Gross insurance 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 date of attachment of risk proportionally over the indemnity period, based on the pattern of decrease of risks underwritten. 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 for non- life insurance and provision for non-incurred claims for life insurance

The provision for unearned premiums for non-life insurance and provision for non-incurred claims for short-term non-endowment life insurance, 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 Group’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.

Provision for non-incurred claims under annuity contracts is determined as a sum of a discounted value of expected future liabilities, expenses on annuity payments and annuity contracts administration costs less a discounted value of expected insurance premiums, which will be required for settlement of future cash outflows based on the assumptions used.

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 consolidated 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 Group 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 Group 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 ceded reinsurance premiums 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 consolidated 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 Group 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 Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group 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. 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 banks, and highly liquid financial assets with original maturities of less than three months, which are not subject to significant risk of changes in their fair value, and are used by the Group in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated 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, plant 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.

(f) Intangible assets

Acquired intangible assets are stated at cost in the consolidated financial statements 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.

(g) 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.

(h) 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 Group 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 Group 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 Group:

- 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 Group has the positive intention and ability to hold to maturity, other than those that:

- the Group upon initial recognition designates as at fair value through profit or loss;
- the Group 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 consolidated statement of financial position when the Group 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 Group has access at that date.

The fair value of a liability reflects its non-performance risk. When available, the Group 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 Group 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 Group 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 Group measures assets and long positions at the bid price and liabilities and short positions at the ask price.

The Group 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 in profit or loss 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 Group 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 Group 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 Group is recognised as a separate asset or liability in the consolidated statement of financial position. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group enters into transactions whereby it transfers assets recognised on its consolidated 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 Group 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 Group 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 Group writes off assets deemed to be uncollectible.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated 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.

(i) Impairment

The Group 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 Group 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 Group 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 Group reviews its loans and receivables, to assess impairment on a regular basis.

The Group 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 Group 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 Group 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 Group 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 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.

(j) 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 consolidated 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.

(k) Provisions

A provision is recognised in the consolidated statement of financial position when the Group 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.

(l) 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 Group to declare and pay dividends is subject to the rules and regulations of the Kazakhstan legislation.

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

(m) 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 Group 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.

(n) 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.

(o) Leases

At inception of a contract, the Group 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 Group 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 Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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 Group leases items of property. All lease contracts concluded by the Group are short-term leases and lease term is less than 12 months. The Group 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 Group will not be subject to penalties for failure to extend lease term for another 12 months. The Group 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 Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group 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 Group 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 Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

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

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

During preparation of consolidated financial statements of the Group for the year ended 31 December 2022, the Management made a reclassification that affected the relevant line items in the consolidated statement of financial position as at 31 December 2021 and the consolidated 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 Group'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 consolidated statement of financial position as at 31 December 2021 and the consolidated statement of cash flows for the year ended 31 December 2021. These reclassifications had no impact on the Group's retained earnings as at 31 December 2021 and 1 January 2021.

KZT'000	Amounts per issued financial statements	Reclassification	Amounts after reclassification
<i>Consolidated Statement of Financial Position as at 31 December 2021</i>			
Cash and cash equivalents	5,372,967	11,772,619	17,145,586
Placements with banks	11,772,619	(11,772,619)	-
<i>Consolidated Statement of Cash Flows for the year ended 31 December 2021</i>			
Transfers to placements with banks	(276,094,251)	276,094,251	-
Proceeds from placements with banks	275,554,056	(275,554,056)	-
Cash flows used in investing activities	(59,362,811)	540,195	(58,822,616)
Net decrease in cash and cash equivalents	(1,553,092)	540,195	(1,012,897)
Effect of movements in exchange rates on cash and cash equivalents	(27,163)	(28,955)	(56,118)
Cash and cash equivalents at beginning of the year	6,953,222	11,261,379	18,214,601
Cash and cash equivalents at the end of the year	5,372,967	11,772,619	17,145,586

(q) 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 Group has not early adopted them in preparing these consolidated 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 entity's 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 Group 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 Group plans to apply general measurement model for measurement of groups of insurance contracts issued under Employer's liability, Life insurance, Pension annuity, 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 by the Group;
- 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 Group 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 Group 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 Group*

The Group 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 Group 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 Group applies the same criteria as for issued insurance contracts.

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

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

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group as the sum of:

- The fulfilment cash flows, consisting of the following components:
 - estimate of future cash flows arising as the Group 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 Group 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 Group'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 Group 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 Group 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 Group re-evaluates LRC. The Group systematically releases amounts from LRC and recognises them in the consolidated statement of profit or loss and other comprehensive income 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 Group includes in the expected future cash flows payments for reported claims and for incurred but not reported claims.

Subsequent evaluation of LIC

The Group 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 Group 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 Group 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 Group 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 Group applies GMM.

(vii) *Principles of classification and allocation of expenses*

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

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

	1 January 2023	1 January 2022
	KZT'000	KZT'000
Estimated increase in the Company's total equity		
Adjustments due to adoption of IFRS 17 non-life	4,825,320	5,196,143
Adjustments due to adoption of IFRS 17 life	2,357,965	3,040,268
Estimated impact of adoption of IFRS 17, after tax	7,183,285	8,236,411

*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 Group 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 Group 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 Group 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 Group 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 Group 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 (viii) for the transition requirements relating to classification of financial assets.

Business model assessment

The Group will make 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 Group’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;
- 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 Group’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 Group 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 Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group’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 Group finalised the assessment of SPPI criteria. Based on assessment performed SPPI criteria is met for all debt financial assets not measured at FVTPL. The Group 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 Group 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 Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group’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 Group 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 Group 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 Group’s consolidated 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 Group manages them.

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

The management of the Group's insurance risk is a critical aspect of the business. The Group 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 Group's estimates due to effect of various factors - frequency of claims, amount of claims, progress in long-tailed claim settlement. The Group 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 description below summarises the Group's main products and the associated risk management methods.

(i) Insurance contracts – Employer's liability

Product features

The purpose of employer's liability is to ensure protection of property interests of employees whose life and health have been damaged during performance of their labour (official) duties, by means of payment of insurance indemnity.

This product generates income from the insurance premiums less amounts paid to cover claims and expenses incurred by the Group to settle losses and pay the agency fees. The amount payable to an employee in the event of death or injury is regulated by the applicable laws of the Republic of Kazakhstan. Insurance under such contracts is considered as long-tailed liability as it typically takes long time to finalise and settle claims.

Risk management

Major risks associated with this product are underwriting risk, such as probabilistic nature of potential loss, uncertain amount and timing of insurance liabilities, change in applicable legislation and other risks inherent in insurance business. The estimate of the reported loss is determined based on the following information:

- in case of persistent disablement of the employee:
 - amount of the monthly average wages (income) to be reimbursed;
 - repayment period – the period of physical disability established by the medical expert committee (it may be several years for lifetime disability benefit);
 - amount of the awarded social payment in case of disability;
 - the degree of the employee's fault in accident.
- in case of death:
 - funeral expenses;
 - number of persons having the right to be reimbursed for harm as required by the laws of the Republic of Kazakhstan;
 - age of persons having the right to be reimbursed for harm as required by the laws of the Republic of Kazakhstan;
 - amount of the monthly average wages (income) to be reimbursed;
 - period of insurance payments.

Insurance risk is managed primarily through pricing, product design, underwriting and payments' management. The Group therefore monitors, and responds to, changes in the general economic and commercial environment in which it operates.

(ii) 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 Group 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 Group 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 Group 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 Group’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.

(iii) Insurance contracts – General civil liability

Product features

The Group 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 sensible pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Group therefore monitors, and responds to, changes in the general economic and commercial environment in which it operates.

(iv) 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 settle claims and cover expenses incurred by the Group. 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 Group 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 Group 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 Group therefore monitors, and responds to, changes in the general economic and commercial environment in which it operates.

(v) *Insurance contracts - Life insurance*

Product features

The purpose of the life insurance is to ensure protection of the policyholder's property interests associated with death. This product generates income from the insurance premiums less amounts paid to cover claims and expenses incurred by the Group to settle losses and pay the agency fees. The amount payable to a policyholder in the event of death is fixed.

The insured event is death for any reason, except for accidental death. There is a number of exceptions from the insured events, where the insurer bears no responsibility. For example, the insurer shall be exempt from payment of insurance indemnity if an insured event has occurred during the period of insurance coverage, directly or indirectly, as a result of the effect of nuclear explosion, radiation or radioactive contamination, military actions, deliberate (wilful) personal injury by the policyholder, disease resulted in epidemic, including coronavirus infection COVID-19, etc.

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 Group breaks down the potential clients into groups, which are homogenous in terms of mortality and makes decision based on such breakdown. The mortality rate is based on statistical data by country and industry in accordance with types of contracts. 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 it possible to screen persons exposed to high accident risk.

The Group 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.

(vi) *Insurance contract – Pension annuity*

Product features

An insurance contract where a policyholder (a recipient of pension payments) transfers pension savings to the Group. The insurance company undertakes to make periodical (monthly) payments in favour of the policyholder (the recipient of pension payments) and/or those insured for a whole life or for certain timespan.

As a pension annuity is a long-term product, the Group generates income through placing a premium received as a lump sum in securities with a yield higher than that used in calculation of an insurance tariff, and payments are made on a monthly basis throughout the annuity effective period. Moreover, in case of death of the annuitant, the remainder of pension savings (accrued reserve) is transferred into the Group's revenue, except for the guaranteed payments; when these are available, the Group accrues a reserve and make further payments to the heirs of the annuitant until the end of the period of guaranteed payments, and the remaining reserve is transferred to the Group's revenue.

Types of pension annuity contracts:

- a life annuity contract, without a guaranteed period of payments:
 - payments are made on a monthly basis throughout the policyholder's life;
 - in case of the policyholder death, payments cease to be made regardless whether there are heirs or remainder of pension savings accumulated.
- a life annuity contract, with a guaranteed period of payments:
 - payments are made on a monthly basis throughout the policyholder's life;
 - in case of the Policyholder death, a person specified in the pension annuity contract receives unpaid guaranteed insurance payments, if the Policyholder has not received them in full or has not received them during the lifetime.

A pension annuity contract is concluded in accordance with the Law "On Pension Benefits in the Republic of Kazakhstan". A standard contract form is established by the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan No. 194 dated 20 October 2015 "On approval of a standard pension annuity contract, establishment of the Methodology for calculation of an insurance premium and insurance payment by an insurance company under a pension annuity contract, acceptable level of expenditures of an insurance company on maintenance of concluded pension annuity contracts as well as indexation rates of an insurance payment".

Risk management

The major risks arise from changes in mortality tables. Mortality rates are based on the mortality tables approved by the authorised body. A decrease/increase in probability of death and type may result in increase/decrease in liabilities under annuity contract.

An interest rate is determined based on market rates, and therefore, changes in market rates impact the amount of provisions. The Group manages this risk through placing a premium received under annuity contracts in the government securities at the interest rates higher than the indexation rate of annuity payments under the contract.

Moreover, the Group monitors, on an ongoing basis, and responds to changes in the laws of the Republic of Kazakhstan, general economic and commercial conditions of its operations, and if necessary, the Group adjusts inputs used in calculation of insurance premium under annuity contracts.

(c) Concentration of insurance risk

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Group'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 Group's key methods in managing these risks are two-way. 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 Group purchases reinsurance coverage for various classes of its liability and property business. The Group assesses the costs and benefits associated with the reinsurance programme on an ongoing basis.

(d) Total aggregate exposures

The Group 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 Group is exposed.

The Group 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 Group is exposed.

As at 31 December 2022, the Group had 1,622,808 valid insurance contracts (as at 31 December 2021: 1,395,721 insurance contracts).

(i) Exposure by business lines

The key concentrations identified as at 31 December 2022 are:

KZT'000	Gross insured amount	Reinsurance amount	Net retention (after reinsurance)
Type of insurance			
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	352,579,709	-	352,579,709
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	57,114,410	-	57,114,410
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
Life insurance- voluntary	17,041,096	-	17,041,096
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
Employer's liability- obligatory	1,250,515,157	-	1,250,515,157
Other obligatory insurance	102,206,869	-	102,206,869
Total	12,881,832,160	(2,663,143,637)	10,218,688,523

The key concentrations identified as at 31 December 2021 are:

KZT'000	Gross insured amount	Reinsurance amount	Net retention (after reinsurance)
Type of insurance			
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	343,354,722	-	343,354,722
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
Life insurance- voluntary	19,267,386	-	19,267,386
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
Employer's liability- obligatory	964,884,189	-	964,884,189
Other obligatory insurance	71,045,513	-	71,045,513
Total	11,177,765,521	(2,725,700,217)	8,452,065,304

(ii) Exposure by countries

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

KZT'000	Gross insured	Reinsurance	Net retention (after
Country	amount	amount	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	393,676,798	(12,282,994)	381,393,804
Total exposure (excluding the Republic of Kazakhstan)	1,677,507,186	(12,282,994)	1,665,224,192
Kazakhstan	11,204,324,974	(2,650,860,643)	8,553,464,331
Total	12,881,832,160	(2,663,143,637)	10,218,688,523

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

KZT'000	Gross insured	Reinsurance	Net retention (after
Country	amount	amount	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	9,715,284,592	(2,715,173,687)	7,000,110,905
Total	11,177,765,521	(2,725,700,217)	8,452,065,304

(iii) Exposure to catastrophic events

The greatest likelihood of significant losses to the Group arises from catastrophic events, such as earthquake damage, resulting from an earthquake in Almaty. The Group does not possess catastrophe modelling techniques and the software enabling the modelling of Probable Maximum Loss (PML). However, the Group 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	Gross insured	Estimated PML	Net retention (after
Catastrophic events	amount	(before	reinsurance)
		reinsurance)	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	Gross insured amount	Estimated PML (before reinsurance)	Net retention (after reinsurance)
Catastrophic events			
Almaty earthquake with a magnitude exceeding seven points under Richter scale	341,482,135	34,148,214	11,925,000

(e) Claims development

The Group 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 consolidated financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Group 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							Total	
	2015	2016	2017	2018	2019	2020	2021		2022
KZT'000									
Estimate of cumulative claims									
At the end of the accident year	30,035,409	18,542,646	31,365,755	34,499,203	37,238,926	40,994,585	84,139,607	85,301,156	85,301,156
- one year later	26,323,879	17,720,010	39,127,306	33,737,387	34,898,874	29,307,000	84,493,434	-	84,493,434
- two years later	26,066,461	15,805,837	38,065,802	34,870,732	28,809,733	27,240,470	-	-	27,240,470
- three years later	24,118,674	13,979,245	38,251,901	32,188,600	28,349,388	-	-	-	28,349,388
- four years later	22,414,597	13,931,040	37,348,153	32,214,756	-	-	-	-	32,214,756
- five years later	22,393,907	13,528,781	37,030,806	-	-	-	-	-	37,030,806
- six years later	22,229,369	13,404,490	-	-	-	-	-	-	13,404,490
- seven years later	22,110,572	-	-	-	-	-	-	-	22,110,572
Estimate of cumulative claims as at 31 December 2022	22,110,572	13,404,490	37,030,806	32,214,756	28,349,388	27,240,470	84,493,434	85,301,156	330,145,072
Cumulative payments as at 31 December 2022	(21,616,550)	(12,926,217)	(36,147,723)	(29,972,893)	(24,772,003)	(18,785,922)	(43,729,812)	(20,650,405)	(208,601,525)
Gross outstanding claims liabilities for insured events occurred before 2015	-	-	-	-	-	-	-	-	1,820,849
Gross outstanding claims liabilities as at 31 December 2022	494,022	478,273	883,083	2,241,863	3,577,385	8,454,548	40,763,622	64,650,751	123,364,396

5 Premiums

	Obligatory insurance			Voluntary insurance							Total	
	Employer's liability	Vehicle owner's liability	Other obligatory	Property	Medical	Air/Water/Motor transport	Accident	General insurance	Life insurance	Pension annuity		Other voluntary
2022												
KZT'000												
Gross premiums written	13,123,132	27,518,611	1,198,529	86,555,797	4,429,173	11,462,903	2,845,489	16,628,358	7,316,710	(3,027,910)*	3,253,393	171,304,185
Change in gross provision for unearned premiums	(3,722,253)	(2,971,893)	(123,044)	(3,284,514)	(350,820)	(954,726)	822,559	(11,388,790)	-	-	138,115	(21,835,366)
Gross earned insurance premiums	9,400,879	24,546,718	1,075,485	83,271,283	4,078,353	10,508,177	3,668,048	5,239,568	7,316,710	(3,027,910)	3,391,508	149,468,819
Less: written premiums ceded to reinsurers	-	-	-	(9,292,845)	-	(626,036)	17,392	(336,310)	-	-	(109,251)	(10,347,050)
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)	17,392	(325,886)	-	-	(134,246)	(9,916,526)
Net earned insurance premiums	9,400,879	24,546,718	1,075,485	74,398,978	4,078,353	9,906,696	3,685,440	4,913,682	7,316,710	(3,027,910)	3,257,262	139,552,293

In 2022, gross premiums written comprised premiums of KZT 110,400,671 thousand earned under direct insurance contracts and KZT 60,903,514 thousand earned under inward reinsurance contracts (2021: KZT 99,407,387 thousand and KZT 52,642,218 thousand, respectively).

During 2022, the Group has concluded 441 pension annuity contracts with a total insurance premium of KZT 4,796,999 thousand. However, during the same period the Group terminated 560 pension annuity contracts with a total insurance premium of KZT 7,824,909 thousand.

Eurasia Insurance Company JSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	Obligatory insurance			Voluntary insurance							Total	
	Employer's liability	Vehicle owner's liability	Other obligatory	Medical	Air/Water/Motor transport	Accident	General insurance	Life insurance	Pension annuity	Other voluntary		
2021												
KZT'000												
Gross premiums written	6,327,209	21,969,325	936,408	3,947,868	9,058,692	6,863,824	6,920,008	5,967,001	16,776,066	1,747,361	152,049,605	
Change in gross provision for unearned premiums	(266,605)	(1,772,882)	2,468	25,863	405,701	(3,212,263)	(4,936,375)	-	-	(259,790)	(16,059,453)	
Gross earned insurance premiums	6,060,604	20,196,443	938,876	3,973,731	9,464,393	3,651,561	1,983,633	5,967,001	16,776,066	1,487,571	135,990,152	
Less: written premiums ceded to reinsurers	-	-	-	-	(537,130)	-	(141,219)	-	-	(147,988)	(4,539,826)	
Reinsurers' share of change in gross provision for unearned premiums	-	-	-	-	(170,807)	-	(8,055)	-	-	25,086	(166,776)	
Earned premiums ceded to reinsurers	-	-	-	-	(550,130)	-	(149,274)	-	-	(122,902)	(4,706,602)	
Net earned insurance premiums	6,060,604	20,196,443	938,876	3,973,731	8,914,263	3,651,561	1,834,359	5,967,001	16,776,066	1,364,669	131,283,550	

6 Claims incurred including change in provision for non-incurred claims

	Obligatory insurance			Voluntary insurance							Total	
	Employer's liability	Vehicle owner's liability	Other obligatory	Property	Medical	Air/Water/Motor transport	Accident	General insurance	Life insurance	Pension annuity		Other voluntary
2022												
KZT'000												
Claims paid	426,534	16,724,301	262,849	33,170,665	3,206,730	1,654,800	72,384	24,047	24,630	1,013,200	149,205	56,729,345
Reinsurers' share in insurance claims paid	-	-	-	(24,228)	-	-	(7,031)	-	-	-	-	(31,259)
Claims paid, net of reinsurance	426,534	16,724,301	262,849	33,146,437	3,206,730	1,654,800	65,353	24,047	24,630	1,013,200	149,205	56,698,086
Change in provision for incurred but not reported claims	2,433,049	672,330	(1,532,517)	3,483,423	23,890	(54,337)	12,663	(188,917)	(128,326)	-	467,643	5,188,901
Change in provision for reported but not settled claims	50,169	(87,227)	(272,351)	21,490,457	921	(332,172)	39,724	123,796	(12,441)	-	(71,844)	20,929,032
Changes in provision for non-incurred claims	-	-	-	-	-	-	-	-	3,961,032	(3,731,378)	465,584	695,238
Change in reinsurers' share in insurance contract provisions	-	-	-	(533,349)	-	9,941	-	(7,661)	-	-	(1,664)	(532,733)
Change in net insurance contract provisions	2,483,218	585,103	(1,804,868)	24,440,531	24,811	(376,568)	52,387	(72,782)	3,820,265	(3,731,378)	859,719	26,280,438
Reimbursement from recourse claims	-	(404,699)	-	(342)	-	(184,549)	-	(5,952)	-	-	-	(595,542)
Claims incurred including change in provision for non-incurred claims, net	2,909,752	16,904,705	(1,542,019)	57,586,626	3,231,541	1,093,683	117,740	(54,687)	3,844,895	(2,718,178)	1,008,924	82,382,982

	Obligatory insurance				Voluntary insurance							
	Employer's liability	Vehicle owner's liability	Other obligatory	Property	Medical	Air/Water/Motor transport	Accident	General insurance	Life insurance	Pension annuity	Other voluntary	Total
2021												
KZT'000												
Claims paid	341,165	11,688,308	208,837	10,746,145	2,757,774	1,369,902	63,360	181,256	34,978	803,649	376,307	28,571,681
Reinsurers' share in insurance claims paid	-	-	-	(45,660)	-	-	-	-	-	-	-	(45,660)
Claims paid, net of reinsurance	341,165	11,688,308	208,837	10,700,485	2,757,774	1,369,902	63,360	181,256	34,978	803,649	376,307	28,526,021
Change in provision for incurred but not reported claims	478,713	(455,593)	(292,245)	2,922,350	20,024	61,075	(198,586)	282,640	109,417	-	41,864	2,969,659
Change in provision for reported but not settled claims	34,044	1,057,296	(150,569)	28 178 9 ⁴	(11,495)	389,630	(127,791)	(765,369)	5,016	-	(506,536)	28,103,175
Changes in provision for non-incurred claims	-	-	-	-	-	-	-	-	3,047,049	16,518,762	298,387	19,864,198
Change in reinsurers' share in insurance contract provisions	-	-	-	(595,632)	-	48,741	-	2,874	-	-	(69,626)	(613,643)
Change in net insurance contract provisions	512,757	601,703	(442,814)	30,505,667	8,529	499,446	(326,377)	(479,855)	3,161,482	16,518,762	(235,911)	50,323,389
Reimbursement from recourse claims	-	(294,462)	-	(2,901)	-	(105,091)	-	-	-	-	(8,595)	(411,049)
Claims incurred including change in provision for non-incurred claims, net	853,922	11,995,549	(233,977)	41,203,251	2,766,303	1,764,257	(263,017)	(298,599)	3,196,460	17,322,411	131,801	78,438,361

7 Net finance income

	2022 KZT'000	2021 KZT'000
Finance income		
Interest income:		
- held-to maturity investments	29,342,106	21,128,908
- cash and cash equivalents	1,089,719	539,460
- reverse repurchase agreements	131,244	467,697
Dividend income	631,173	426,896
	31,194,242	22,562,961
Finance costs		
Interest expense on:		
- amounts payable under repurchase agreements	(55,824)	(398,974)
	(55,824)	(398,974)
	31,138,418	22,163,987

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		
<i>Obligatory insurance</i>		
Vehicle owner's liability	(4,652,785)	(3,509,127)
Other obligatory insurance	(84,467)	(169,203)
Employer's liability	(77,066)	(739,235)
<i>Voluntary insurance</i>		
Property	(7,294,181)	(6,471,193)
General liability	(3,886,139)	(1,107,345)
Life insurance	(3,074,661)	(2,607,011)
Accident	(2,187,252)	(2,124,546)
Air/Water/Motor Transport	(450,580)	(356,430)
Medical	(173,368)	(148,003)
Other voluntary insurance	(238,286)	(219,167)
	(22,118,785)	(17,451,260)
	(22,100,099)	(17,435,142)
	20,980,888	10,774,338
	(22,118,785)	(17,451,260)
	36,792,508	28,524,699
	(2,198,717)	(866,889)
Deferred acquisition costs at the end of the year	33,455,894	20,980,888

9 Charge of impairment loss

	2022	2021
	KZT'000	KZT'000
Insurance and reinsurance receivables (Note 17)	(51,039)	(141,455)
Other assets (Note 19)	(2,401,339)	(85,641)
	(2,452,378)	(227,096)

10 General administrative expenses

	2022	2021
	KZT'000	KZT'000
Wages and salaries	14,315,875	13,284,678
Expenses on insurance development*	9,040,973	8,945,281
Advertising	2,338,604	1,060,348
Other taxes and duties	1,649,696	1,597,593
Depreciation and amortisation	585,161	587,753
Lease	353,758	345,860
Household expenses	223,408	195,251
Communication services	221,894	295,546
Bank charges	207,299	130,380
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	883,933	721,724
	30,327,230	27,560,519

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

11 Income tax expense

	2022	2021
	KZT'000	KZT'000
Current year tax expense	(3,755,876)	(3,275,329)
Current income tax underprovided in prior reporting periods	(114,031)	(61,894)
Total current income tax	(3,869,907)	(3,337,223)
Movement in deferred tax liabilities/assets due to origination and reversal of temporary differences and movement in loss allowance	105,568	(79,345)
Total income tax expense	(3,764,339)	(3,416,568)

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		2021	
	KZT'000	%	KZT'000	%
Profit before income tax	46,446,520	100	35,654,886	100
Income tax at the applicable tax rate	(9,289,304)	(20.0)	(7,130,977)	(20.0)
Tax exempt income from financial assets available for sale and investments held to maturity	6,622,520	14.3	4,175,672	11.7
Income tax underprovided in prior reporting periods	(114,031)	(0.3)	(61,894)	(0.2)
Other non-deductible expenses	(983,524)	(2.1)	(399,369)	(1.1)
	(3,764,339)	(8.0)	(3,416,568)	(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
Insurance and reinsurance receivables	2,173	(2,173)	-	-
Property, plant and equipment and intangible assets	(550,115)	(39,745)	-	(589,860)
Taxes other than income tax	11,791	1,965	-	13,756
Vacation and bonuses reserve	56,024	139,451	-	195,475
Other liabilities	1,322	6,070	-	7,392
Available-for-sale financial assets	(1,003,811)	-	(1,003,811)	-
	(1,482,616)	105,568	(1,003,811)	(373,237)

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
Insurance and reinsurance receivables	206	1,967	-	2,173
Property, plant and equipment and intangible assets	(470,508)	(79,607)	-	(550,115)
Taxes other than income tax	14,081	(2,290)	-	11,791
Vacation and bonuses reserve	55,686	338	-	56,024
Other liabilities	1,075	247	-	1,322
Available-for-sale financial assets	(566,649)	-	(437,162)	(1,003,811)
	(966,109)	(79,345)	(437,162)	(1,482,616)

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		
<i>Kazakhstan banks</i>		
Rated from Baa3 to Baa1	4,608	8
Rated from Ba3 to Ba1	414	27,798
Rated from B3 to B1	1,557,591	1,325,925
Not rated	26,086	29,941
Total current accounts and demand deposits with banks	1,588,699	1,383,672
Cash on saving accounts in banks		
<i>Kazakhstan banks</i>		
Rated from Baa3 to Baa1	-	2,064,137
Rated from Ba3 to Ba1	-	1,364,823
Rated from B3 to B1	13,608,917	8,343,659
Total cash on saving accounts with banks	13,608,917	11,772,619
Reverse repurchase agreements (reverse repo) with original maturity of less than three months - not credit rated	3,200,813	3,978,046
Total cash and cash equivalents	18,430,764	17,145,586

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 2022 and 2021, the Group entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject-matter of such agreements were bonds of the Ministry of Finance of the Republic of Kazakhstan (2021: Kcell JSC and Halyk Savings Bank of Kazakhstan JSC) with fair value of KZT 3,206,949 thousand (2021: KZT 3,993,158 thousand).

As at 31 December 2022, the Group has one bank (31 December 2021: one bank), whose balances exceed 10% of total cash and cash equivalents. The total gross value of these balances as at 31 December 2022 is KZT 14,879,152 thousand (2021: KZT 9,662,591 thousand).

13 Available-for-sale financial assets

	2022 KZT'000	2021 KZT'000
Neither past due nor impaired equity instruments of foreign corporations and international financial organisations		
Shares of APPLE INC	15,790,550	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	10,956,747	9,903,117
Total equity instruments of foreign corporations and international financial organisations	34,634,681	52,210,661
Equity financial instruments		
Shares of Insurance Payments Guarantee Fund JSC	27,918	27,918
Total equity instruments	27,918	27,918
	34,662,599	52,238,579

Shares of Insurance Payments Guarantee Fund JSC stated at cost and classified as available-for-sale investments comprise unquoted equity securities with a carrying value of KZT 27,918 thousand (31 December 2021: KZT 27,918 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	2021
	KZT'000	KZT'000
Neither past due nor impaired		
Government bonds of the Republic of Kazakhstan		
Rated Baa3:		
- pledged under sale and repurchase agreements»	-	4,182,430
- held by the Group	226,773,236	178,785,978
Total Government bonds	226,773,236	182,968,408
Discount notes of the National Bank of the Republic of Kazakhstan		
Rated Baa3	-	717,446
Total discount notes of the National Bank of the Republic of Kazakhstan	-	717,446
Bonds of foreign corporations and international financial organisations		
Rated Aaa	54,326,333	31,400,483
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	-	4,047,467
Total bonds of foreign corporations and international financial organisations	73,235,103	53,313,204
Bonds of Kazakhstan banks		
Rated from Baa1 to Baa3	5,423,682	1,216,071
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	20,071,053	19,212,623
Corporate bonds of Kazakhstan companies		
Rated from Baa1 to Baa3	31,493,684	37,786,085
Not rated	-	201,659
Total corporate bonds of Kazakhstan companies	31,493,684	37,987,744
	351,573,076	294,199,425

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 Group held financial instruments of 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 266,080,997 thousand (2021: KZT 182,968,408 thousand).

At 31 December 2022 and 31 December 2021, held-to-maturity investments were neither impaired nor overdue.

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 1.8% 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 January 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 Group 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 Group recognised income from rent payments in amount of KZT 332,083 thousand (2021: 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

	Land plots and buildings	Computers and office equipment	Vehicles	Construction-in-progress	Other property, plant and equipment	Intangible assets	Total
KZT'000							
<i>Cost</i>							
Balance at 1 January 2022	3,310,226	992,828	389,068	-	1,570,820	542,773	6,805,715
Additions	-	64,906	13,500	530,641	149,794	66,932	825,773
Transfer from investment property	461,905	-	-	456,624	-	-	918,529
Disposals	-	(10,376)	(10,460)	-	(9,444)	-	(30,280)
Balance at 31 December 2022	3,772,131	1,047,358	392,108	987,265	1,711,170	609,705	8,519,737
<i>Depreciation</i>							
Balance at 1 January 2022	(313,361)	(586,803)	(276,243)	-	(808,322)	(309,546)	(2,294,275)
Depreciation charge for the year	(61,758)	(127,130)	(56,409)	-	(182,023)	(92,218)	(519,538)
Transfer from investment property	(57,769)	-	-	-	-	-	(57,769)
Disposals	1	8,541	10,460	-	5,741	-	24,743
Balance at 31 December 2022	(432,887)	(705,392)	(322,192)	-	(984,604)	(401,764)	(2,846,839)
<i>Carrying amount</i>							
At 31 December 2022	3,339,244	341,966	69,916	987,265	726,566	207,941	5,672,898
<i>Cost</i>							
Balance at 1 January 2021	3,292,587	911,239	387,413	-	1,484,385	444,790	6,520,414
Additions	17,639	83,852	10,500	40,301	92,160	97,983	342,435
Disposals	-	(2,263)	(8,845)	(40,301)	(5,725)	-	(57,134)
Balance at 31 December 2021	3,310,226	992,828	389,068	-	1,570,820	542,773	6,805,715
<i>Depreciation</i>							
Balance at 1 January 2021	(254,723)	(461,341)	(209,890)	-	(623,259)	(243,368)	(1,792,581)
Depreciation charge for the year	(58,638)	(127,665)	(75,198)	-	(190,228)	(66,178)	(517,907)
Disposals	-	2,203	8,845	-	5,165	-	16,213
Balance at 31 December 2021	(313,361)	(586,803)	(276,243)	-	(808,322)	(309,546)	(2,294,275)
<i>Carrying amount</i>							
At 31 December 2021	2,996,865	406,025	112,825	-	762,498	233,227	4,511,440

17 Insurance and reinsurance receivables

	2022 KZT'000	2021 KZT'000
Amounts due from policyholders	6,699,960	3,232,267
Amounts due from reinsurers	20,101,119	18,182,006
	26,801,079	21,414,273
Impairment loss allowance	(353,458)	(334,557)
	26,447,621	21,079,716

As at 31 December 2022, the Group had one reinsurer, whose balances of receivables exceeded 10% of total insurance and reinsurance receivables (2021: two reinsurers). The total gross value of these balances 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	(334,557)	(217,705)
Net charge	(51,039)	(141,455)
Write-offs	32,138	24,603
Balance at the end of the year	(353,458)	(334,557)

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:

	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance for gross receivables %
31 December 2022				
Amounts due from policyholders				
Not overdue	5,703,898	-	5,703,898	-
Overdue or impaired:				
- overdue less than 90 days	836,561	-	836,561	-
- overdue more than 90 days and less than 1 year	79,700	(74,924)	4,776	94%
- overdue more than 1 year	79,801	(79,801)	-	100%
Total overdue or impaired receivables due from policyholders	996,062	(154,725)	841,337	16%
Total amounts due from policyholders	6,699,960	(154,725)	6,545,235	2%

	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance for gross receivables %
31 December 2022				
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	26,801,079	(353,458)	26,447,621	1%

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				
Not overdue	2,661,609	-	2,661,609	-
Overdue or impaired:				
- overdue less than 90 days	446,126	-	446,126	-
- overdue more than 90 days and less than 1 year	48,679	(42,478)	6,201	87%
- overdue more than 1 year	75,853	(75,853)	-	100%
Total overdue or impaired receivables due from policyholders	570,658	(118,331)	452,327	21%
Total amounts due from policyholders	3,232,267	(118,331)	3,113,936	4%
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	2%
Total amounts due from reinsurers	18,182,006	(216,226)	17,965,780	1%
Total amounts due from policyholders and reinsurers	21,414,273	(334,557)	21,079,716	2%

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

KZT'000	Gross 2022	Reinsurance 2022	Net 2022
Unearned premium provision	82,969,328	(1,084,558)	81,884,770
Provision for claims incurred but not reported	25,727,467	(98,427)	25,629,040
Provision for claims reported but not settled	97,636,929	(1,154,285)	96,482,644
Provision for non-incurred claims	33,334,498	-	33,334,498
	239,668,222	(2,337,270)	237,330,952
KZT'000	Gross 2021	Reinsurance 2021	Net 2021
Unearned premium provision	61,133,962	(654,034)	60,479,928
Provision for claims incurred but not reported	20,538,567	(113,835)	20,424,732
Provision for claims reported but not settled	76,707,896	(606,144)	76,101,752
Provision for non-incurred claims	32,639,260	-	32,639,260
	191,019,685	(1,374,013)	189,645,672

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

	2022	2021
	KZT'000	KZT'000
Balance at the beginning of the year, net of reinsurance	189,645,672	123,096,053
Premiums written	171,304,185	152,049,605
Premiums earned	(149,468,819)	(135,990,152)
Claims reported	71,729,032	73,031,684
Prior years' claims reported	(8,761,296)	(6,155,774)
Claims paid	(56,729,345)	(28,571,681)
Assessment of amount of claims incurred but not reported during the year	22,333,420	17,263,698
Change in estimates of claims reported but not settled in prior reporting periods	5,800,973	(16,400,024)
Change in provisions for incurred but not reported claims in prior years	(8,383,224)	(8,138,264)
New policies issued in the provision for non-incurred claims	10,948,402	24,645,520
Reported claims from provision for non-incurred claims at the beginning of the year	(1,007,418)	(815,077)
Remeasurement of provision for non-incurred claims	(9,117,373)	(3,923,049)
Change in reinsurers' share	(963,257)	(446,867)
Balance at the end of the year, net of reinsurance	237,330,952	189,645,672

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

	2022	2021
	KZT'000	KZT'000
Balance at the beginning of the year, net of reinsurance	60,479,928	44,253,699
Premiums written	171,304,185	152,049,605
Premiums earned	(149,468,819)	(135,990,152)
Change in reinsurers' share	(430,524)	166,776
Balance at the end of the year, net of reinsurance	81,884,770	60,479,928

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

	2022	2021
	KZT'000	KZT'000
Balance at the beginning of the year, net of reinsurance	20,424,732	17,540,263
Assessment of amount of claims incurred but not reported during the year	22,333,420	17,263,698
Claims reported during the current period	(8,761,296)	(6,155,774)
Change in provision for prior years' claims	(8,383,224)	(8,138,264)
Change in reinsurers' share	15,408	(85,191)
Balance at the end of the year, net of reinsurance	25,629,040	20,424,732

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

	2022	2021
	KZT'000	KZT'000
Balance at the beginning of the year, net of reinsurance	76,101,752	48,527,029
Current year claims reported	62,967,736	66,875,910
Prior years' claims reported	8,761,296	6,155,774
Change in estimates of losses of prior reporting periods*	5,800,973	(16,400,024)
Current year claims paid	(20,650,405)	(13,604,926)
Prior years' claims paid	(35,950,567)	(14,923,559)
Change in reinsurers' share	(548,141)	(528,452)
Balance at the end of the year, net of reinsurance	96,482,644	76,101,752

*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 8,909,957 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 movements in provisions for non-incurred claims

	2022	2021
	KZT'000	KZT'000
Balance at the beginning of the year	32,639,260	12,775,062
Payments from provision	(128,373)	(43,196)
New insurance policies	10,948,402	24,645,520
Remeasurement	(9,117,373)*	(3,923,049)
Reported claims from provision for non-incurred claims at the beginning of the year	(1,007,418)	(815,077)
Balance at the end of the year	33,334,498	32,639,260

*During 2022, the Group terminated 560 pension annuity contracts, for which provision for non-incurred claims at the date of termination amounted to KZT 8,229,565 thousand.

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

	Obligatory insurance				Voluntary insurance				Total	
	Employer's liability	Vehicle owner's liability	Other obligatory	Air/Water/Motor transport	Property	General liability	Life insurance	Pension annuity		Other voluntary
2022										
KZT'000										
Unearned premium provision	6,884,963	14,222,022	645,277	5,752,329	27,816,723	8,769,423	16,647,893	-	-	82,969,328
Provision for claims incurred but not reported	3,501,727	1,953,295	65,159	127,119	18,497,985	77,506	157,186	170,931	-	25,727,467
Provision for claims reported but not settled	279,577	2,744,288	203,014	1,757,316	91,972,497	100,752	318,631	26,485	-	97,636,929
Provision for non-incurred claims	-	-	-	-	-	-	-	9,694,556	22,604,075	33,334,498
Gross insurance contract provisions	10,666,267	18,919,605	913,450	7,636,764	138,287,205	8,947,681	17,123,710	9,891,972	22,604,075	239,668,222
Reinsurers' share in insurance contract provisions	-	-	-	(17,153)	(2,168,022)	-	(28,896)	-	-	(2,337,270)
Net insurance contract provisions	10,666,267	18,919,605	913,450	7,619,611	136,119,183	8,947,681	17,094,814	9,891,972	22,604,075	237,330,952
2021										
KZT'000										
Unearned premium provision	3,162,710	11,250,129	522,233	4,786,970	24,532,209	9,591,982	5,259,103	-	-	61,133,962
Provision for claims incurred but not reported	2,617,409	1,280,965	49,053	176,125	15,014,562	64,843	346,103	299,257	-	20,538,567
Provision for claims reported but not settled	423,721	2,831,515	281,051	2,078,775	70,482,040	61,028	194,835	38,926	-	76,707,896
Provision for non-incurred claims	-	-	-	-	-	-	-	5,733,524	26,335,453	32,639,260
Gross insurance contract provisions	6,203,840	15,362,609	852,337	7,041,870	110,028,811	9,717,853	5,800,041	6,071,707	26,335,453	191,019,685
Reinsurers' share in insurance contract provisions	-	-	-	(10,004)	(1,214,133)	-	(10,811)	-	-	(1,374,013)
Net insurance contract provisions	6,203,840	15,362,609	852,337	7,031,866	108,814,678	9,717,853	5,789,230	6,071,707	26,335,453	189,645,672

(g) 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.

Assumptions used to assess provisions for non-incurred claims under the pension annuity and other annuity contracts are as follows:

	2022	2021
Discount rate		
Rate of return on investments	5.0%-6.0%	5.0%-6.0%
Insurance payment indexation rate	6.0%-8.25%	6.0%-8.25%

Maximum survival period for males and females used to calculate provision for non-incurred claims is 110 years.

Management believes that due to the short-tailed nature of the majority of the Group’s business except for employer’s liability, property insurance and annuity insurance classes the performance of the Group’s portfolio is sensitive mainly to changes in expected loss ratios. The Group 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.

Under the contracts of annuity insurance, the capital, liabilities and net profit of the Group depend on a number of key assumptions, and any change in these assumptions may have impact on the capital and net profit. The level of effects of each change depends on the methodology and key assumptions used to calculate liabilities. Major risks arise from changes in the mortality tables.

Mortality rates are based on the mortality tables approved by the authorised body. If probability of death and type decreases/increases, it may result in increase/decrease of liabilities under an annuity insurance contract. Interest rates are assessed on the basis of market rates and, therefore, changes in the market rates impact the amount of provisions.

The following table summarises the effect of changes in the main assumptions on the provision for non-incurred claims on annuity classes of insurance and the provision for claims incurred but not reported for employer's liability insurance class:

	2022 KZT'000	2021 KZT'000
Mortality rate: +10%	(670,112)	(735,279)
Mortality rate: -10%	749,594	813,030
Morbidity rate: +10%	203,673	57,388
Morbidity rate: -10%	(203,673)	(82,545)
Technical rate of return + 1%	(3,073,497)	(3,389,884)
Technical rate of return -1%	3,782,361	4,201,169
Indexation rate +1%	368,007	150,233
Indexation rate -1%	(320,781)	(129,416)

19 Other assets

	2022 KZT'000	2021 KZT'000
Other receivables	3,322,522	745,891
Impairment allowance	(2,637,029)	(252,515)
Total other financial assets	685,493	493,376
Prepayments	710,567	125,776
Settlements with employees	21,018	22,383
Other	988	177
Impairment allowance	(3,153)	(7,123)
Total other non-financial assets	729,420	141,213
Total other assets	1,414,913	634,589

Analysis of movements in impairment allowance

Movements in the impairment allowance for the years ended 31 December 2022 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)	(85,641)
Write-offs	20,795	24,628
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 Group 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.

20 Insurance and reinsurance payables

	2022 KZT'000	2021 KZT'000
Brokers' and agents' fees payable	1,141,155	673,690
Prepaid insurance premiums	930,052	908,297
Reinsurance payables	513,255	338,502
Insurance payables	80,902	59,536
	2,665,364	1,980,025

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

21 Amounts payable under repurchase agreements

During 2021, the Group entered into repurchase agreements at Kazakhstan Stock Exchange. As at 31 December 2021 the amounts payable under repurchase agreements were KZT 3,975,311 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 3,741,513 thousand.

As at 31 December 2021 the Group had securities pledged as collateral under repo agreements with carrying amount of KZT 4,182,430 thousand (Note 14).

As at 31 December 2022 the Group 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	3,975,311	5,531,344
Repurchase agreements concluded	383,032	72,624,437
Repurchase agreements closed	(4,358,343)	(74,180,470)
Interest accrued	55,823	398,974
Interest paid	(55,823)	(398,974)
	-	3,975,311

22 Other liabilities

	2022 KZT'000	2021 KZT'000
Payables to employees	977,377	276,998
Other payables	473,005	409,577
Other taxes payable	420,563	391,583
	1,870,945	1,078,158

23 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 Group issued 16,307,751 ordinary shares (2021: the Group issued 26,438,339 ordinary shares) at nominal value.

(b) Capital management

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

The Group 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 Group complies with the solvency margin ratios, which are as follows:

	2022	2021
	KZT'000	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 right of the Group's shareholders to distributable reserves is limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS 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 Group'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 Group 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 Group 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. Stabilisation reserve is not distributable.

(e) Other reserves

In accordance with Article 17-1 of the Law of the Republic of Kazakhstan "On Obligatory Employer's Liability" (hereinafter "OEL"), if no insured events have occurred during last five years preceding the date of signing a contract for obligatory employers' liability, an insurer has a right to apply an adjusting coefficient to the insurance premium calculated in accordance with Article 17 of the OEL Law. It is required to recognise "Other reserves" for the amount of difference between the provision for unearned premiums calculated in accordance with Article 17 and Article 17-1 of the OEL Law at the expense of retained earnings of the reporting year. As at 31 December 2022, the difference between provision for unearned premiums from insurance premium calculated according to Article 17 of the OEL Law and provision for unearned premiums from insurance premium calculated using a correction factor is KZT 645,049 thousand (2021: KZT 188,307 thousand), for which the Group has charged "Other provisions" at the expense of retained earnings of the reporting year. Other reserves are not distributable.

24 Financial instruments risk management

(a) Risk management policies and procedures

Management of risk is fundamental to the Group's business and forms an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk and liquidity risk. The risk management policies aim to identify, analyse and manage the risks faced by the Group, 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 condition, 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 Group 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.

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 Group manages its market risk by setting open position limits in relation to the portfolio of 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 Group'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 Group 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 Group 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	10,197,438	6,945,827	1,282,112	1,448	3,937	2	18,430,764
Held-to-maturity investments	248,114,935	102,158,565	-	1,299,576	-	-	351,573,076
Insurance and reinsurance receivables	6,631,957	15,040,402	2,312,451	342,716	-	2,120,095	26,447,621
Reinsurers' share in insurance contract provisions	1,252,712	-	-	-	-	-	1,252,712
Other financial assets	682,833	2,660	-	-	-	-	685,493
Total assets	266,879,875	124,147,454	3,594,563	1,643,740	3,937	2,120,097	398,389,666
Liabilities							
Insurance contract provisions	(57,422,301)	(81,318,822)	(12,436,567)	(233,161)	(16,348)	(5,271,695)	(156,698,894)
Insurance and reinsurance payables	(1,146,436)	(434,063)	(5,602)	-	(40,403)	(108,808)	(1,735,312)
Other financial liabilities	(468,807)	(4,159)	(15)	-	-	(24)	(473,005)
Total liabilities	(59,037,544)	(81,757,044)	(12,442,184)	(233,161)	(56,751)	(5,380,527)	(158,907,211)
Net position as at 31 December 2022	207,842,331	42,390,410	(8,847,621)	1,410,579	(52,814)	(3,260,430)	239,482,455

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	7,896,580	7,859,840	1,265,659	35,073	88,434	-	17,145,586
Held-to-maturity investments	195,594,795	97,225,972	-	1,378,658	-	-	294,199,425
Insurance and reinsurance receivables	3,156,710	11,384,433	3,611,425	416,717	71,827	2,438,604	21,079,716
Reinsurers' share in insurance contract provisions	719,979	-	-	-	-	-	719,979
Other financial assets	456,813	35,392	1,171	-	-	-	493,376
Total assets	207,824,877	116,505,637	4,878,255	1,830,448	160,261	2,438,604	333,638,082
Liabilities							
Insurance contract provisions	(43,768,346)	(69,201,858)	(9,748,053)	(108,463)	(612,657)	(6,446,346)	(129,885,723)
Insurance and reinsurance payables	(669,065)	(296,359)	(15,115)	-	-	(91,189)	(1,071,728)
Amounts payable under repurchase agreements	(3,975,311)	-	-	-	-	-	(3,975,311)
Other financial liabilities	(409,577)	-	-	-	-	-	(409,577)
Total liabilities	(48,822,299)	(69,498,217)	(9,763,168)	(108,463)	(612,657)	(6,537,535)	(135,342,339)
Net position as at 31 December 2021	159,002,578	47,007,420	(4,884,913)	1,721,985	(452,396)	(4,098,931)	198,295,743

A weakening of the KZT, as indicated below, against the following currencies as at 31 December 2022 and 31 December 2021 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on a net-of-tax basis and is based on foreign currency exchange rate variances that the Group 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.

KZT'000	2022		2021	
	Net income	Equity	Net income	Equity
20% appreciation of USD	6,782,466	6,782,466	7,521,187	7,521,187
20% appreciation of EUR	(1,415,619)	(1,415,619)	(781,586)	(781,586)
20% appreciation of GBP	225,693	225,693	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 Group 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.

KZT'000	2022		2021	
	Profit or loss	Equity	Profit or loss	Equity
5% increase in securities prices	2,663	1,733,130	2,267	2,611,929
5% decrease in securities prices	(2,663)	(1,733,130)	(2,267)	(2,611,929)

(c) Credit risk

Credit risk the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group 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 Group 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 on the consolidated statement of financial position and unrecognised contractual commitment amounts. 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	18,430,509	17,145,025
Held-to maturity investments	351,573,076	294,199,425
Insurance and reinsurance receivables	26,447,621	21,079,716
Reinsurers' share in insurance contract provisions	1,252,712	719,979
Other financial assets	685,493	493,376
Total maximum exposure	398,389,411	333,637,521

As at 31 December 2022 and 31 December 2021 the Group had one debtor, credit risk exposure to whom exceeded 10% of maximum credit risk exposure. The credit risk exposure for this customer as at 31 December 2022 is KZT 266,080,997 thousand (31 December 2021: KZT 182,968,408 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 Group's consolidated 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 consolidated statement of financial position.

The Group's sale and repurchase, reverse sale and repurchase transactions, and securities borrowings and lendings 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 consolidated 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 Group or the counterparties. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2022.

KZT'000	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position Financial instruments	Net amount
Reverse repurchase agreements, securities lending agreements	3,200,813	-	3,200,813	(3,200,813)	-
Total financial assets	3,200,813	-	3,200,813	(3,200,813)	-
Repurchase agreements, securities lending agreements	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

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

KZT'000	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position Financial instruments	Net amount
Reverse repurchase agreements, securities lending agreements	3,978,046	-	3,978,046	(3,978,046)	-
Total financial assets	3,978,046	-	3,978,046	(3,978,046)	-
Repurchase agreements, securities lending agreements	(3,975,311)	-	(3,975,311)	3,741,513	(233,798)
Total financial liabilities	(3,975,311)	-	(3,975,311)	3,741,513	(233,798)

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

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting 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 Group 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 Group's undiscounted flows from financial liabilities do not differ significantly from their carrying amount.

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities and insurance liabilities					
Insurance contract provisions	1,628,361	12,583,130	51,528,687	90,958,716	156,698,894
Insurance and reinsurance payables	1,190,778	114,490	348,985	81,059	1,735,312
Other financial liabilities	473,005	-	-	-	473,005
Total financial liabilities as at 31 December 2022	3,292,144	12,697,620	51,877,672	91,039,775	158,907,211

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 Group's undiscounted flows from financial liabilities do not differ significantly from their carrying amount.

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities and insurance liabilities					
Insurance contract provisions	1,375,587	10,544,375	40,338,925	77,626,836	129,885,723
Insurance and reinsurance payables	810,999	109,426	65,146	86,157	1,071,728
Amounts payable under repurchase agreements	3,975,311	-	-	-	3,975,311
Other financial liabilities	409,577	-	-	-	409,577
Total financial liabilities as at 31 December 2021	6,571,474	10,653,801	40,404,071	77,712,993	135,342,339

25 Contingencies

(a) Litigations

In the ordinary course of business, the Group 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 Group.

(b) Taxation contingencies

The taxation system in the Republic 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, in particular recognition of income, expenses and other items of the consolidated financial statements under IFRS Standards. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties 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. The Group's 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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

26 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 Group 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 27,918 thousand (2021: KZT 27,918 thousand) cannot be determined.

(a) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that 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 34,687,942 thousand are categorised to Level 1 of fair value hierarchy (31 December 2021: KZT 52,255,991 thousand are categorised to Level 1 of fair value 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 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	108,869,448	211,945,906	320,815,354	351,573,076

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	119,478,419	188,891,717	398,370,136	294,199,425

27 Related party transactions

(a) Control relationships

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

The Group'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 Group'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	2,295,606	2,586,630

(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 at 31 December 2022 and related profit or loss amounts of transactions with other related parties are as follows:

	Parent company	Fellow subsidiaries	Average interest rate, %	Other	Total
	KZT'000	KZT'000	%	KZT'000	KZT'000
Assets					
Cash and cash equivalents					
- in KZT	-	6,366,973	-	268,324	6,635,297
- in USD	-	6,652,660	-	293,100	6,945,760
- in EUR	-	1,282,113	-	979	1,283,092
- in other currencies	-	4,111	-	-	4,111
Insurance and reinsurance receivables	-	456,179	-	3,640,910	4,097,089
Other assets	-	-	-	400,000	400,000
Liabilities					
Insurance contract provisions	(642,677)	(2,867,705)	-	(19,355,497)	(22,865,879)
Insurance and reinsurance payables	-	(457,356)	-	(114,805)	(572,161)
Other liabilities	-	(56,445)	-	(12,035)	(68,480)
Profit/(loss)					
Gross premiums written	98,419	5,112,526	-	26,710,012	31,920,957
Net finance income	-	591,084	-	94,342	685,426
Other income	10,598	47,993	-	175,241	233,832
Claims incurred	-	(575,804)	-	(3,521,869)	(4,097,673)
Change in insurance contract provisions	-	(241,975)	-	(4,138,523)	(4,380,498)
Fee and commission expenses	-	(4,463,116)	-	(3,112,666)	(7,575,782)
Other expenses	-	(115,669)	-	(49,397)	(165,066)
Commitments					
Total aggregate exposures*	2,144,300	84,799,698	-	515,578,692	602,522,690

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

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

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

	Parent company	Fellow subsidiaries	Other	Total
	KZT'000	KZT'000	Average interest rate, %	KZT'000
	KZT'000	KZT'000	%	KZT'000
Assets				
Cash and cash equivalents				
- in KZT	-	24,752	-	24,752
- in USD	-	428	-	428
- in EUR	-	1,265,659	-	1,265,659
- in other currencies	-	35,078	-	35,078
Insurance and reinsurance receivables	-	339,819	-	1,299,611
Other assets	-	-	-	260,000
Liabilities				
Insurance contract provisions	(535)	(3,168,798)	-	(4,907,487)
Insurance and reinsurance payables	-	(222,696)	-	-
Other liabilities	-	(55,804)	-	(13,674)
Profit/(loss)				
Gross premiums written	53,364	4,067,149	-	19,242,669
Net finance income	-	481,350	-	-
Other income	10,613	48,000	-	169,104
Claims incurred	-	(529,652)	-	(2,852,968)
Change in insurance contract provisions	(56)	(366,263)	-	(1,858,727)
Fee and commission expenses	-	(3,550,374)	-	-
Other expenses	-	(134,575)	-	-
Commitments				
Total aggregate exposures*	30,249	97,483,725	-	505,602,993

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