INSURANCE COMPANY "BASEL" JOINT STOCK COMPANY

Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2023

Insurance company "Basel" JSC

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Insurance company "Basel" JSC

Statement of Management's Responsibilities
for the Preparation and Approval of the Financial Statements
for the Year Ended 31 December 2023

Management is responsible for the preparation of the financial statements that present fairly the financial position of Insurance company "Basel" Joint Stock Company (further - "the Company") as at 31 December 2023, and the related statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information in compliance with International Financial Reporting Standards (further - "IFRS").

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining accounting records in compliance with the requirement of IFRS and legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

These financial statements for the year ended 31 December 2023 were authorized for issue on 17 June 2024 by the Management Board.

On behalf of the Management Board:

Chokin T.K.	**Kapitanenko V.V.**
Chairman of the Management Board	**Chief Accountant**
17 June 2024	17 June 2024
Almaty, Kazakhstan	Almaty, Kazakhstan

Deloitte LLP
36 Al Farabi Avenue
Almaty, 050059
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of Directors of Insurance company "Basel" JSC

Opinion

We have audited the financial statements of Insurance company "Basel" JSC (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4 to the financial statements, which describes the restatement of corresponding figures as at 31 December 2022 and 1 January 2022 and for the year ended 31 December 2022. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kamila Muratova
Auditor
Qualification certificate
MF-0000324
dated 25 February 2016

Olzhas Ashuov
Acting General Director
Deloitte LLP

State Audit License of the
Republic of Kazakhstan #0000015,
type MFU-2, issued by the Ministry of Finance
of the Republic of Kazakhstan
dated 13 September 2006

17 June 2024
Almaty, Kazakhstan

Insurance company "Basel" JSC

Statement of Profit or Loss
for the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022*
INSURANCE ACTIVITY:			
Insurance revenue	5,14,20	6,901,675	5,864,599
Insurance service expenses	6,14,20	(4,234,497)	(3,854,389)
Insurance service result under insurance contracts issued		**2,667,178**	**2,010,210**
Net expenses from reinsurance contracts held	7,15	(637,972)	(780,508)
Insurance service result		**2,029,206**	**1,229,702**
INVESTING ACTIVITY:			
Net interest income	8	1,427,804	863,323
Net realised (loss)/gain on financial assets measured at fair value through other comprehensive income (IAS 39 – investments available-for-sale)		(504)	18,875
Results of investing activity		**1,427,300**	**882,198**
Net loss on foreign exchange operations	9	(36,101)	(206,001)
Operating expenses	10,20	(788,756)	(621,277)
Other income/(expenses), net		16,842	(4,371)
PROFIT BEFORE INCOME TAX		**2,648,491**	**1,280,251**
Income tax expense	11	(106,614)	(176,823)
NET PROFIT		**2,541,877**	**1,103,428**

*Refer to Note 4 to the financial statements for information on restatement of comparative data.

On behalf of the Management Board:

Chokin T.K.
Chairman of the Management Board

17 June 2024
Almaty, Kazakhstan

Kapitanenko V.V.
Chief Accountant

17 June 2024
Almaty, Kazakhstan

The notes on pages 11-62 form an integral part of these financial statements.

Insurance company "Basel" JSC

Statement of Other Comprehensive Income for the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Year ended 31 December 2023	Year ended 31 December 2022*
NET PROFIT FOR THE YEAR	**2,541,877**	**1,103,428**
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Net gain/(loss) resulting on revaluation of financial assets measured at fair value through other comprehensive income (IAS 39 - investments available-for-sale) during the year, net of income tax of KZT Nil	111,304	(131,992)
Net realised (loss)/gain on financial assets measured at fair value through other comprehensive income (IAS 39 - investments available-for-sale) transferred to the statement of profit or loss, net of income tax of KZT Nil	(504)	18,875
OTHER COMPREHENSIVE INCOME/(LOSS)	110,800	(113,117)
TOTAL COMPREHENSIVE INCOME	**2,652,677**	**990,311**

*Refer to Note 4 to the financial statements for information on restatement of comparative data.

On behalf of the Management Board:

Chokin T.K.
Chairman of the Management Board

17 June 2024
Almaty, Kazakhstan

Kapitanenko V.V.
Chief Accountant

17 June 2024
Almaty, Kazakhstan

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Insurance company "Basel" JSC

Statement of Financial Position
as at 31 December 2023
(in thousands of Kazakhstani tenge)

	Note	31 December 2023	31 December 2022*	1 January 2022*
ASSETS:				
Cash and cash equivalents	12	4,051,908	615,030	340,610
Financial assets measured at fair value through other comprehensive income	13	8,241,272	n/a	n/a
Investments available-for-sale	13	n/a	9,419,011	8,667,772
Advances paid		125,010	94,624	66,313
Insurance contract assets	14, 16	-	120,413	-
Reinsurance contract assets	15, 16	260,967	502,328	228,043
Current income tax asset		61,275	138,288	23,029
Property, equipment and intangible assets	17	765,081	768,171	748,175
Other assets		76,384	32,305	9,852
TOTAL ASSETS		**13,581,897**	**11,690,170**	**10,083,794**
LIABILITIES AND EQUITY				
LIABILITIES:				
Insurance contract liabilities	14, 16, 20	3,455,054	4,173,686	3,604,892
Deferred income tax liability	11	25,585	68,263	67,734
Other liabilities		106,733	106,373	59,631
TOTAL LIABILITIES		**3,587,372**	**4,348,322**	**3,732,257**
EQUITY:				
Share capital	18	206,000	206,000	206,000
Revaluation reserve for financial assets measured at fair value through other comprehensive income (IAS 39 – Investments available-for-sale)		(168,178)	(278,978)	(165,861)
Stabilization reserve	18	258,338	119,808	25,523
Retained earnings		9,698,365	7,295,018	6,285,875
TOTAL EQUITY		**9,994,525**	**7,341,848**	**6,351,537**
TOTAL LIABILITIES AND EQUITY		**13,581,897**	**11,690,170**	**10,083,794**

*Refer to Note 4 to the financial statements for information on restatement of comparative data.

On behalf of the Management Board:

Казахстан Республикасы Алматы қаласы Акционерлік қоғамы BASEL СТРАХОВАЯ КОМПАНИЯ Акционерное общество город Алматы Республика Казахстан

Chokin T.K.
Chairman of the Management Board

17 June 2024
Almaty, Kazakhstan

Kapitanenko V.V.
Chief Accountant

17 June 2024
Almaty, Kazakhstan

The notes on pages 11-62 form an integral part of these financial statements.

Insurance company "Basel" JSC

Statement of Changes in Equity
for the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Share capital	Revaluation deficit for financial assets measured at fair value through other comprehensive income (IAS 39 – Investments available-for-sale)	Stabilization reserve	Retained earnings	Total Equity
1 January 2022		**206,000**	**(165,861)**	**25,523**	**6,945,440**	**7,011,102**
Effect on transition to IFRS 17*	4	-	-	-	(659,565)	(659,565)
1 January 2022 (restated)		**206,000**	**(165,861)**	**25,523**	**6,285,875**	**6,351,537**
Net profit*		-	-	-	1,103,428	1,103,428
Other comprehensive loss		-	(113,117)	-	-	(113,117)
Total comprehensive income		-	(113,117)	-	1,103,428	990,311
Transfer to stabilization reserve		-	-	94,285	(94,285)	-
31 December 2022		**206,000**	**(278,978)**	**119,808**	**7,295,018**	**7,341,848**
Net profit		-	-	-	2,541,877	2,541,877
Other comprehensive income		-	110,800	-	-	110,800
Total comprehensive income		-	110,800	-	2,541,877	2,652,677
Transfer to stabilization reserve		-	-	138,530	(138,530)	-
31 December 2023		**206,000**	**(168,178)**	**258,338**	**9,698,365**	**9,994,525**

*Refer to Note 4 to the financial statements for information on restatement of comparative data.

On behalf of the Management Board:

Chokin T.K.
Chairman of the Management Board

17 June 2024
Almaty, Kazakhstan

Kapitanenko V.V.
Chief Accountant

17 June 2024
Almaty, Kazakhstan

Қазақстан Республикасы Алматы қаласы Акционерлік қоғамы BASEL страховая компания Акционерное общество город Алматы Республика Казахстан

The notes on pages 11-62 form an integral part of these financial statements.

Insurance company "Basel" JSC

Statement of Cash Flows
for the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		2,648,491	1,280,251
Adjustments for:			
Change in insurance contract assets and liabilities, net	14	(598,219)	448,381
Change in reinsurance contract assets	15	241,361	(274,285)
Net realized loss/(gain) on financial assets measured at fair value through other comprehensive income (IAS 39 - investments available-for-sale)		504	(18,875)
Unrealized loss on foreign exchange operations		27,310	74,054
Depreciation and amortization	17	63,370	55,665
Net change in accrued interest		(40,043)	10,521
Cash flows from operating activities before changes in operating assets and liabilities		**2,342,774**	**1,575,712**
Changes in operating assets and liabilities			
Increase in operating assets:			
Advances paid		(30,386)	(28,311)
Other assets		(42,076)	(22,453)
Increase in operating liabilities:			
Other liabilities		2,077	198,808
Cash flows from operating activities before income tax paid		**2,272,389**	**1,723,756**
Income tax paid		(72,279)	(291,553)
Net cash from operating activities		**2,200,110**	**1,432,203**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	17	(65,200)	(75,661)
Proceeds from sale of property and equipment		4,920	-
Purchase of financial assets measured at fair value through other comprehensive income (IAS 39 - investments available-for-sale)		(6,694,038)	(8,066,295)
Proceeds from disposal and redemption of financial assets measured at fair value through other comprehensive income (IAS 39 - investments available-for-sale)		8,011,841	7,072,541
Cash placed at deposits in banks		(10,000)	-
Cash withdrawn from deposits in banks		8,000	-
Net cash from/(used) in investing activities		**1,255,523**	**(1,069,415)**

Insurance company "Basel" JSC

Statement of Cash Flows (Continued)
for the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022*
Effect of exchange rate changes on the balance of cash held in foreign currencies		(18,755)	(88,368)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,436,878	274,420
CASH AND CASH EQUIVALENTS, beginning of the year	**12**	**615,030**	**340,610**
CASH AND CASH EQUIVALENTS, end of the year	**12**	**4,051,908**	**615,030**

*Refer to Note 4 to the financial statements for information on restatement of comparative data.

Interest received by the Company during the years ended 31 December 2023 and 2022 amounted to KZT 1,387,764 thousand and KZT 873,844 thousand, respectively.

On behalf of the Management Board:

Chokin T.K.
Chairman of the Management Board

17 June 2024
Almaty, Kazakhstan

Kapitanenko V.V.
Chief Accountant

17 June 2024
Almaty, Kazakhstan

The notes on pages 11-62 form an integral part of these financial statements.

1. Organisation

JSC Basel is a joint-stock company and has been performing its operations in the Republic of Kazakhstan since 1994. On 13 May 2020 the insurance company was renamed to Insurance company "Basel" Joint Stock Company ("the Company") from JSC Kaspi Insurance. The Company's activity is regulated by the National Bank of Kazakhstan ("the NBK") and the Agency of the RK for Regulation and Development of Financial Market ("the FMRDA") under license No. 2.1.5 dated 9 July 2020. The primary business of the Company is provision of insurance activities in the field of "general insurance".

As at 31 December 2023 and 2022, the number of the Company's employees was 108 and 103 employees, respectively.

As at 31 December 2023 and 2022, Daniyar Zhanbekov owned 100% of Company's shares.

The registered office of the Company is located at 244A Nazarbayev Ave., Almaty, the Republic of Kazakhstan.

These financial statements were authorized for issue by the Management Board of the Company on 17 June 2024.

2. Material accounting policy information

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

The Management and Shareholder have the intention to further develop the business of the Company in the Republic of Kazakhstan. The Management believes that the going concern assumption is appropriate for the Company due to its sufficient capital adequacy ratio and based on historical experience that short-term obligations will be refinanced in the normal course of business.

Basis of preparation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained below.

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

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

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) is presented in Note 23.

Operating Environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The military and political conflict between Russian Federation and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2023, the average price for Brent crude oil was 83 USD per barrel (2022: 101 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 4.9% per annum in 2023 (2022: 3.2%). Inflation in the country declined in 2023 to 9.8% per annum (2022: inflation was 20.3% per annum).

In 2023, the National Bank of the Republic of Kazakhstan reduced the base rate from 16.75% to 15.75% per annum with a corridor of +/- 1.0 percentage points. In January 2024, the base rate further decreased to 15.25% per annum with a corridor of +/- 1.0 percentage points, in February 2024, the base rate decreased to 14.75% per annum with a corridor of +/- 1.0 percentage points. And, in June 2024, the base rate decreased to 14.5% per annum with a corridor of +/- 1.0 percentage points. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan.

Management of the Company is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Company's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Company's operations.

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary of the economic environment in which the Company operates ("the functional currency"). The functional currency of the Company is the Kazakhstani Tenge ("KZT"). The presentational currency of the financial statements of the Company is also the Kazakhstani Tenge. All values are rounded to the nearest thousand Tenge ("KZT thousand"), except when otherwise indicated.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Insurance contracts

Key types of insurance contracts issued and reinsurance contracts held

The Company issues the following types of contracts that are accounted for in accordance with IFRS 17 *"Insurance contract"*:

- civil liability insurance providing the compensation of harm caused to life, health and/or property damage of third parties;
- motor third party liability provide indemnity cover to the owner of the motor vehicle against compensation payable to third parties for property damage, death or personal injury;
- vehicle (car, marine, aircraft, railway) insurance covers the vehicle against various risks such as losses resulting from damages to the vehicle - fire, natural disasters, theft of the vehicle or the equipment installed therein;
- property insurance provides protection against most risks to property, such as a fire, theft and some weather damage;
- professional liability insurance covers claims arising from errors, mistakes, or negligence in the delivery of professional services;
- other types of insurance.

The Company accounts for these contracts applying the Premium Allocation Approach (PAA).

Definitions and classifications

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

Combining a set or series of contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- the rights and obligations are different when looked at together compared to when looked at individually;
- the Company is unable to measure one contract without considering the other.

Separating components from insurance and reinsurance contracts held

The Company does not issue insurance contracts containing components that shall be accounted for applying other standard than IFRS 17.

Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Contracts not exposed to similar risks are to be included in different portfolios.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- contracts that are onerous on initial recognition (if any);
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently (if any);
- any remaining contracts (if any).

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Company applies significant judgement in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Company assesses each contract individually.

The composition of groups established at initial recognition is not subsequently reassessed.

For insurance contracts accounted for applying the premium allocation approach (further – "PAA"), the Company determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Company assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future. If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Company performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage (further – "LRC") determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model (further – "GMM"). If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

The Company recognized the groups of insurance contracts issued in 2021 and 2022 of motor third part liability as onerous contracts.

When motor third party liability insurance contracts within a portfolio would only fall into different groups due to specific constraints imposed by law or regulation on the Company's practical ability to set a different price or level of benefits for policyholders in different regions, the Company nevertheless includes those contracts in the same group.

Recognition and measurement

An insurance (reinsurance) contract issued is recognized in the calculation of insurance liabilities starting from the earliest of the following dates:

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

Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Company's pricing must not consider any risks beyond the next reassessment date.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Company considers all risks that policyholders would transfer had the Company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Company's practical ability to reprice existing contracts considers all contractual, legal and regulatory restrictions. In doing so, the Company disregards restrictions that have no commercial substance. The Company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Company exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

The Company assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations.

Measurement of insurance contracts issued

Under IFRS 17, the LRC of insurance contracts that satisfy certain criteria can be measured using a simplified approach called the premium allocation approach. This is particularly relevant for the Company's products since all of them meet the criteria for the PAA described below.

An entity may simplify the measurement of a group of insurance contracts by using the premium allocation approach if, and only if, at the inception of the group: a) the entity reasonably expects that such simplification would produce a measurement of the LRC for the group that would not differ materially from the one that would be produced by applying the GMM; or b) the coverage period of each contract in the group is one year or less.

For contracts not immediately eligible for the PAA under (b) above, the potential eligibility for the PAA has been tested to see if it meets the criteria under (a) above. This requires understanding the mechanics of both the PAA and GMM for the type(s) of contracts being tested, including how the contractual service margin (further – "CSM") is measured over the life on a contract under the GMM. All contracts over 12 months long have been found to be eligible for the PAA as the difference between PAA and GMM result did not exceed the Company's materiality threshold defined by the Company. The Company exercises judgement to determine whether the PAA is a reasonable approximation of the General Model. The Company indicated relative threshold in amount of 10%.

The Company uses the PAA to simplify the measurement of a group of reinsurance contracts held, as at the inception of the group:

a) the Company reasonably expects the resulting measurement would not differ materially from the GMM; or
b) the coverage period of each contract in the group of reinsurance contracts held (including insurance coverage from all premiums within the contract boundary determined at that date) is one year or less.

If an entity elects to use the PAA instead of the GMM for a group of insurance contracts, it shall measure the LRC as follows:

- On initial recognition, the carrying amount of the LRC is composed of:

a) the premiums received at initial recognition, if any;
b) minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payments as an expense; and
c) plus or minus any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other asset or liability previously recognized for cash flows related to the group of contracts.

- At each subsequent reporting period, the carrying amount of the LRC is composed of:

a) the carrying amount of the LRC at the start of the period;
b) plus the premiums received in the period;
c) minus insurance acquisition cash flows; unless the entity chooses to recognize the payments as an expense applying;
d) plus any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period; unless the entity chooses to recognize insurance acquisition cash flows as an expense;
e) minus the amount recognized as insurance service revenue in that period (which would primarily be composed of premium earned in the period).

The Company applies a policy of amortizing all acquisition cash flows within the contract boundary.

Premiums due to the Company for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC.

One of the simplifications of the PAA is that there is no requirement to reflect the time value of money on the LRC unless there is a significant financing component. IFRS 17 outlines that an adjustment for significant financing component is not required when, at initial recognition, the expected time between providing each part of the service and the related premium due date is no more than one year. Where the expected time between premium receipts and providing that portion of the service is over one year, the entity may need to provide evidence that the associated financing component is not material if it chooses not to reflect it in the LRC.

For groups where a significant financing component (further – "FC") exists, the financing component would reflect the time value of money associated with the mismatch in the timing of premium receipts and the service provided for that portion of the policy at each measurement date.

The Company has determined that there is no significant financing component for insurance contracts issued. The Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

Liability for incurred claims (further – "LIC") is calculated by using Bornhuetter-Ferguson and Chain ladder approach for motor third party liability plus Risk Adjustment for Non-Financial Risks (further – "RA"). LIC for other lines of business is measured using Naïve loss ratio plus RA.

For insurance contracts issued and reinsurance contracts held, the carrying amount of the LIC is measured applying the General Model, except that:

- for claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks;
- for claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognized.

The Company expects that significant amount of claims will be settled in one year or less and therefore Company does not adjust future cash flows for the time value of money and the effects of financial risks in LIC.

Reinsurance contracts held

The Company also applies a premium allocation approach to reinsurance contracts held.

The Company uses voluntary reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Company determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Company considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Company disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- contracts that on initial recognition have a net gain;
- contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently;
- any remaining reinsurance contracts held in the portfolio.

For reinsurance contracts held accounted for applying the PAA, the Company assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

In determining the timing of initial recognition of a reinsurance contract held, the Company assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Company recognises a group of reinsurance contracts held that provides proportionate coverage:

- at the start of the coverage period of that group of reinsurance contracts held;
- at the initial recognition of any of the underlying insurance contracts, whichever is later.

The Company recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from insurance contracts that are expected to be issued by the Company in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Similarly to insurance contracts, the Company divides portfolios of reinsurance contracts held into portfolios, groups and cohorts.

On initial recognition, the carrying amount of the reinsurance contract asset for remaining coverage (further – "ARC re") is composed of:

a) the reinsurance premiums received at initial recognition, if any;
b) minus any cedent commission cash flows at that date; and
c) plus or minus any amount arising from the derecognition at that date of any asset for cedent commission cash flows and any other asset or liability previously recognized for cash flows related to the group of contracts.

At each subsequent reporting period, the carrying amount of the ARC Re is composed of:

a) the carrying amount of the ARC Re at the start of the period
b) plus the reinsurance premiums paid in the period;
c) minus cedent commission cash flows;
d) plus any amounts relating to the amortization of cedent commission cash flows recognized as an income in the reporting period; unless the entity chooses to recognize cedent commission cash flows as an income;
e) minus the amount recognized as reinsurance service expenses in that period.

Onerous Contracts and Loss Component

If facts and circumstances indicate that any contracts form a group of onerous contracts for which there is no excess of inflows over outflows including RA at inception, the group of contracts is recognised as onerous, and a loss component is calculated. Onerous contracts grouped separately from non-onerous contracts.

The Company recognizes a loss for the net present value outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows of the group.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, an entity shall calculate the difference between the carrying amount of the liability for remaining coverage and the fulfilment cash flows that relate to remaining coverage of the group.

Risk adjustment for non-financial risk

An entity shall adjust the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Company-specific price for bearing that risk and reflects the degree of the Company's risk aversion.

The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

IFRS 17 does not specify the estimation technique(s) used to determine the RA for non-financial risk. However, to reflect the compensation the entity would require for bearing the non-financial risk, the risk adjustment shall have the following characteristics:

a) risks with low frequency and high severity will result in higher risk adjustments than risks with high frequency and low severity;
b) for similar risks, contracts with a longer duration will result in higher risk adjustments than contracts with a shorter duration;
c) risks with a wider probability distribution will result in higher risk adjustments than risks with a narrower distribution;
d) the less that is known about the current estimate and its trend, the higher will be the risk adjustment; and
e) to the extent that emerging experience reduces uncertainty about the amount and timing of cash flows, risk adjustments for non-financial risk will decrease and vice versa.

The measurement requirements (and some presentation and disclosure requirements) are applied at the unit of account level. For the RA, the unit of account has the following implications:

a) the RA is determined on initial recognition and at each reporting date and reported for each line of business;
b) for contracts initially recognized in a period, the RA is required to satisfy the grouping requirements of IFRS 17 (i.e., to identify onerous contracts) unless the PAA measurement is used in which contracts are assumed to not be onerous unless facts and circumstances indicate otherwise.

Under (b), since the Entity's historical data on all lines of business (further – "LoB") was not sufficient to calculate RA that would reflect the Entity's exposure to financial risk and risk profile, the Entity used available Kazakhstani market data on claim ratios. The RA for the corresponding line of business was calculated based on the standard deviation of claim ratios for the previous ten years excluding outliers at 75% confidence interval. This approach for calculating the RA was consistently applied by the Entity across all the periods and lines of business.

Expenses Allocation

Administrative costs are allocated by the Company through an analysis of cost items using a simplified approach. These costs are divided into categories, including indirect acquisition costs, indirect settlement costs, other indirect expenses related to insurance activities, and general administrative expenses. Indirect operating expenses are allocated based on expense type using consistent systematic method using percentage distribution for each cost item. Employee salaries are allocated applying percentage of involvement of each department's employee in insurance business process determined by the head of department.

Fixed and variable overheads (such as building depreciation, rent, maintenance and utilities) are allocated to acquisition, contracts maintenance, claim-handling and operating expenses using percentage of all employees' involvement in insurance business since these expenses follows employees.

Allocated attributable expense for each line of business is determined as the product of corresponding relative value to the relevant basis (earned premiums, written premiums, claims). The relative value (in %) of the maintenance cost is defined as the ratio of the business process cost for contracts maintenance to the earned premium for the reporting period. The relative value (in %) of the acquisition cost is defined as the ratio of the business process cost for contracts acquisition to the written premium for the reporting period.

Modification and derecognition

The Company must derecognize the original contract and recognize the modified contract as a new contract if, and only if, at least one of the conditions is met.

- If the modified terms were included at contract inception and the Company would have concluded that the modified contract:
  - is outside of the scope of IFRS 17;
  - the Company has separated other components from the host insurance contract, which would result in another insurance contract being recognized;
  - results in a substantially different contract boundary;
  - would be included in a different group of contracts;
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the Company performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time. If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the PAA, the Company adjusts insurance revenue prospectively from the time of the contract modification.

The Company derecognises an insurance contract when, and only when the contract is:

- extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled);
- modified and the derecognition criteria are met.

Presentation

The Company has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognized in the statement of profit and loss by the insurance service result, which includes insurance revenue and insurance services expenses.

Insurance revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

When applying the PAA, the Company recognises insurance revenue for the period based on the passage of time by allocating expected premium receipts to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred insurance service expenses.

Under the premium allocation approach, the Company recognizes insurance revenue over time by allocating expected premium receipts.

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- changes in the liability for claims incurred related to claims and expenses incurred during the period;
- changes in the LIC related to claims and expenses incurred in prior periods (related to past service;
- incurred claims and other directly attributable insurance service costs incurred during the period;
- amortization of insurance acquisition cash flows;
- loss component of onerous groups of contracts initially recognised in the period and changes that relate to future services (losses/reversals of onerous group of contracts from changes in loss components).

Income and expenses from reinsurance contracts held

The Company presents in one line the amounts of income and expenses under reinsurance contracts as net expenses under reinsurance contracts held.

The Company presents financial performance from reinsurance contracts held, comprising the following amounts:

- net expenses on reinsurance contracts held (allocation of reinsurance premiums paid net of amounts recovered from reinsurers);
- recoveries on incurred claims;
- other incurred reinsurance service expenses;
- changes in expected recoveries on past claims.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

<u>For PAA contracts</u>

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for insurance policies with a coverage period of one year or less. For those claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks.

Contracts existing at transition date

The Company applying the full retrospective approach at the transition date:

- identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always applied (except that an entity is not required to apply the recoverability assessment before the transition date). The Company did not have any assets for insurance acquisition cash flows;
- derecognised any existing balances that would not exist had IFRS 17 always applied;
- recognised any resulting net difference in equity.

Recognition of interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) on a shorter period, to the net carrying amount on initial recognition of the debt instrument.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the interest rate to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

Financial instruments

The Company recognizes financial assets and financial liabilities in its statement of financial position when it becomes a party to the contractual obligations of the financial instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date of accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

All recognized financial assets within the scope of IFRS 9 Financial Instruments must subsequently be measured at amortized cost or fair value based on the organization's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI.
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company makes the following irrevocable election / designation at initial recognition of a financial asset on an asset- by-asset basis:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in OCI;
- The Group may irrevocably designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option);

Debt instruments at amortized cost or at FVTOCI. The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Accounting policy for financial assets applied prior to 1 January 2023

In accordance with IAS 39, financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held to maturity ("HTM") investments, available-for-sale ("AFS") investments and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL. Financial assets are classified as at FVTPL, when the financial asset is either held for trading or it is designated as at FVTPL at the initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on revaluation recognised in profit or loss. The net gain or loss incorporates any dividend and interest earned on the financial asset and is included in the 'dividend income' and interest income line item, respectively.

Investments held-to-maturity. Investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Investments held-to-maturity are measured at amortised cost using the effective interest method less any impairment.

Investments available-for-sale. Investments available-for-sale are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. Fair value is determined in the manner described (see Note 21). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of other-than-temporary impairment losses, interest income calculated using the effective interest method, dividend income and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables. Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market (including due from banks, insurance receivables and other financial assets) are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment

The Company recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Due from banks;
- Investment securities;
- Other financial assets;

No impairment loss is recognized on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

Credit-impaired financial assets. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date.

Impairment of financial assets before 1 January 2023

Impairment of financial assets. Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired, when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS investments is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments available-for-sale fair value deficit.

In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, unrestricted balances on correspondent accounts with the banks with original maturity of less or equal to 90 days, as well as reverse repurchase agreements, that are free from contractual encumbrances.

Property, equipment and intangible assets

Property, equipment and intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

Building and other real estate	2%
Machinery and equipment	20-30%
Vehicles	7-10%
Other fixed assets	10%
Intangible assets	10%

An item of property, equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

Impairment of tangible and intangible assets. At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss in the same period.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner, in which the Company expects at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Operating taxes. The Republic of Kazakhstan where the Company operates also has various other taxes, which are assessed on the Company's activities aside from corporate income tax. These taxes are included as a component of operating expenses in the statement of profit or loss.

Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position, but disclosed when an inflow of economic benefits is probable.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

	31 December 2023	31 December 2022
KZT/USD	454.56	462.65

Share capital

Contributions to share capital are recognized at cost.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the Reporting Period* and disclosed accordingly.

Equity reserves

The reserves recorded in the Company's statement of financial position include:

- financial assets measured at fair value through other comprehensive income revaluation deficit, which comprises changes in fair value of financial assets of this category;
- stabilization reserve which is recognized by adjusting retained earnings and is an estimate of the Company's liabilities to cover any unforeseen future losses in case of exceed of average ratio over unprofitable insurance lines of business.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the Management have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

Assessment of significance of insurance risk: The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. Since there is no scenario in which the occurrence of an insured event will lead to a significant loss for the policyholder, the Company does not assume significant insurance risk from the contract holder, and this contract is not an insurance contract. When assessing the significance of the amount of payments, the following are not taken into account: refunds of the insurance premium upon termination of the contract being assessed, the share of reinsurers in payments, lost income that the Company would have received if the insured event had not occurred (lost profits), arising upon termination of the contract in connection with the insurance by chance. If a significant additional benefit is payable upon the occurrence of a specified event, the insurance risk will be significant even if the occurrence of that event is highly unlikely or if the expected (probability-weighted) present value of future additional benefits is insignificant compared with the expected present value of all remaining cash benefits flows under the contract. Additional amounts that are less than 10% are considered by the Company as insignificant. A specialist unit conducts all these judgmental classifications under IFRS 17 to maintain consistency across the Company.

Combination of insurance contracts: Determining whether it is necessary to treat a set or series of insurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the Company determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Company is unable to measure one contract without considering the other.

Separation of insurance components of an insurance contract: The Company issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Company considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately.

Determination of the contract boundary: The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

Identification of portfolios: The Company defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement.

Level of aggregation: The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous *and* other profitable contracts.

Assessment of eligibility for PAA: For insurance contracts with a coverage period exceeding one year, the Company elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

Assessment of significance of modification: The Company derecognises the original contracts and recognises the modified contract as a new contract, if the derecognition criteria are met. The Company applies judgement to assess whether the modified terms of the contract would result in the original contract meeting the criteria for derecognition.

Key sources of estimation uncertainty

The following are the critical estimates used by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements.

Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- estimation of future cash flows;
- assessment of directly attributable cash flows (expenses);
- risk adjustment for non-financial risk.

Estimation of future cash flows

In estimating the cash flows for liabilities included within the scope of the contract, the Company considers the range of all possible outcomes in an unbiased manner by determining the cash flows, timing and probability of each scenario that reflects conditions existing at the measurement date using a probability-weighted average. The probability-weighted average is the arithmetic mean of all possible scenarios. In determining possible scenarios, the Company uses all reasonable and supportable information available to it without undue cost or effort, which includes information about past events and current conditions and projections of future conditions. Cash flow estimates include both market variables directly observable in the market or derived directly from market data and non-market variables such as loss ratios, probability of termination, expected settlement and maintenance costs. The Company maximizes the use of observable inputs for market variables and applies internal data specific to the Company.

Assessment of directly attributable cash flows (expenses)

The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

Risk adjustment for non-financial risk

The non-financial risk allowance represents the amount of compensation required by the Company for accepting uncertainty in the amount and timing of cash flows arising from insurance risk and other non-financial risks, such as loss and expense risk. It measures the degree of variability in expected future cash flows and the price for assuming that risk that is specific to the Company and reflects the Company's risk aversion. Non-financial risk factors, also referred to as underwriting variables, are major sources of estimation uncertainty because they affect estimates of future cash flows and their associated probabilities.

At 31 December 2023 the Company's total carrying amount of:

- insurance contracts issued that are assets was nil KZT (as at 31 December 2022 and 1 January 2022: KZT 120,413 thousand and KZT nil, respectively);
- insurance contracts issued that are liabilities was KZT 3,455,054 thousand (as at 31 December 2022 and 1 January 2022: KZT 4,173,686 thousand and KZT 3,604,892 thousand, respectively);
- reinsurance contracts issued that are assets was KZT 260,967 thousand (as at 31 December 2022 and 1 January 2022: KZT 502,328 thousand and KZT 228,043 thousand, respectively).

(in thousands of Kazakhstani Tenge)

Presented below is the sensitivity analysis as at 31 December 2023 and 2022 to the key assumptions that could result in material adjustment to the carrying amounts of assets and liabilities.

			31 December 2023
	Changes in assumption	**Insurance contract liabilities**	**Reinsurance contract assets**
Expenses	10%	2,963	-
Expenses	(10%)	(2,963)	-
Loss ratio	5%	5,371	1,826
Loss ratio	(5%)	(4,581)	(1,553)

			31 December 2022
	Changes in assumption	**Insurance contract liabilities**	**Insurance contract assets**
Expenses	10%	13,589	-
Expenses	(10%)	(13,589)	-
Loss ratio	5%	92,260	12,912
Loss ratio	(5%)	(92,260)	(14,227)

Valuation of financial instruments

As described in Note 21, the Company uses valuation techniques that include inputs on observable market date to estimate the fair value of certain types of financial instruments. Note 21 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

4. Application of new and revised IFRSs

New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Company effective 1 January 2023:

IFRS 17 (including amendments to IFRS 17 dated June 2020 and December 2021;
IFRS 9 – "Financial Instruments";
Amendments to IAS 1 and Practice Direction 2 of IAS Disclosure of Accounting Policies;
Amendments to IAS 12 - Deferred Taxation Associated with Assets and Liabilities Arising from a Single Transaction;
Amendments to IAS 8 - "Determining Accounting Estimates".

The above standards and interpretations were reviewed by the Company's management but did not have a significant effect on the current and prior year period financial statements of the Company, except IFRS 17 "Insurance Contracts".

The effect of the adoption of IFRS 17 is disclosed in Note 4 below.

(in thousands of Kazakhstani Tenge)

In the current year the Company has applied the Amendments to IAS 1 for the first time. The amendments change the accounting policy disclosure requirements in IAS 1. The amendments replace the term "significant accounting policies" with the term " material accounting policy information". Accounting policy information is material if the information, when considered together with other information included in the Company's financial statements, can reasonably be expected to influence the decisions made by major users of general purpose financial statements on the basis of those financial statements.

The additional paragraphs in IAS 1 are also amended to clarify that accounting policies that relate to immaterial transactions, other events or conditions are immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the transactions, other events or conditions involved, even if the amounts are immaterial. However, not all accounting policy information that relates to significant transactions, other events or conditions is material in and of itself.

The IFRS Council has also developed guidance and examples to explain and illustrate the application of the 'four-step process for determining materiality' presented in IFRS Practice Statement No. 2.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New or revised standard or interpretation	*Effective date - for annual periods beginning no earlier than*
Amendments to IFRS 16 - Lease liability on sale and leaseback transactions	*1 January 2024*
Amendments to IAS 1 - Non-current liabilities with covenants	*1 January 2024*

Effect of transition to IFRS 17

Due to the retrospective application of IFRS 17 from 1 January 2022, the following table presents the statement of financial position line items by measurement type and classification as at 1 January 2022, with transitional measurement differences and presentation differences:

	Balance under IFRS 4	Effect of applying IFRS 17	Balance under IFRS 17
Statement of financial position			
Unearned premiums reserve, reinsurers' share	110,933	(110,933)	-
Insurance losses reserve, reinsurers' share	49,184	(49,184)	-
Insurance and reinsurance receivable	292,602	(292,602)	-
Deferred acquisition costs	355,994	(355,994)	-
Reinsurance contract assets	-	228,043	228,043
Total assets	**10,664,464**	**(580,670)**	**10,083,794**
Provision for unearned premiums	1,443,273	(1,443,273)	-
Provision for insurance losses	1,988,391	(1,988,391)	-
Advances received	3,400	(3,400)	-
Other liabilities	150,564	(90,933)	59,631
Insurance contract liabilities	-	3,604,892	3,604,892
Total liabilities	**3,653,362**	**78,895**	**3,732,257**
Effect on transition to IFRS 17 on retained earnings		(659,565)	

(in thousands of Kazakhstani Tenge)

Due to the retrospective application of IFRS 17 from 1 January 2022, the following table presents the statement of financial position line items by measurement type and classification as at 31 December 2022 with transitional measurement differences and presentation differences, followed by the statement of financial position line items by measurement type and classification as at 31 December 2022:

	Balance under IFRS 4	Effect of applying IFRS 17	Balance under IFRS 17
Statement of financial position			
Unearned premiums reserve, reinsurers' share	308,008	(308,008)	-
Insurance losses reserve, reinsurers' share	67,575	(67,575)	-
Insurance and reinsurance receivable	381,928	(381,928)	-
Deferred acquisition costs	1,390,307	(1,390,307)	-
Insurance contract assets	-	120,413	120,413
Reinsurance contract assets	-	502,328	502,328
Total assets	**13,215,247**	**(1,525,077)**	**11,690,170**
Provision for unearned premiums	3,308,264	(3,308,264)	-
Provision for insurance losses	1,151,431	(1,151,431)	-
Advances received	35,580	(35,580)	-
Other liabilities	314,905	(106,373)	208,532
Insurance contract liabilities	-	4,173,686	4,173,686
Total liabilities	**4,878,443**	**(530,121)**	**4,348,322**

The following table presents profit or loss statement line items by measurement type and classification for the year ended 31 December 2022, with transitional measurement differences and presentation differences, followed by profit or loss statement line items by measurement type and classification for the year ended 31 December 2022:

	Amount under IFRS 4	Effect of applying IFRS 17	Amount under IFRS 17
Profit or Loss Statement			
Direct written insurance premiums, gross	7,829,589	(7,829,589)	-
Ceded reinsurance premiums	(1,186,735)	1,186,735	-
Change in provision for unearned premiums, net of reinsurance	(1,667,916)	1,667,916	-
Insurance revenue	-	5,864,599	5,864,599
Claims paid, net of reinsurance	(1,585,539)	1,585,539	-
Change in provision for insurance losses, net of reinsurance	855,351	(855,351)	-
Broker and agent commissions, net	(1,816,650)	1,816,650	-
Insurance service expenses	-	(3,854,389)	(3,854,389)
Net expenses from reinsurance contracts held	-	(780,508)	(780,508)
(Provision)/recovery of provision for impairment loss on financial assets	(100,000)	100,000	-
Operating expenses	(1,383,697)	762,420	(621,277)
Other expenses, net	(4,958)	587	(4,371)
NET PROFIT	**1,438,819**	**(335,391)**	**1,103,428**

(in thousands of Kazakhstani Tenge)

The following table presents statement of cash flow line items by measurement type and classification for the year ended 31 December 2022, with transitional measurement differences and presentation differences, followed by cash flow statement line items by measurement type and classification for the year ended 31 December 2022:

	Total under IFRS 4	Effect of applying IFRS 17	Total under IFRS 17
Cash flow statement			
Profit before income tax	1,615,642	(335,391)	1,280,251
Adjustment for:			
Change in provision for unearned premiums, net of reinsurance	1,667,916	(1,667,916)	-
Change in provision for insurance losses, net of reinsurance	(855,351)	855,351	-
Change in deferred acquisition costs	(1,034,313)	1,034,313	-
Provision expense/(recovery) for impairment loss on other assets	100,000	(100,000)	-
Change in insurance contract assets and liabilities, net	-	448,381	448,381
Change in reinsurance contract assets	-	(274,285)	(274,285)
Insurance and reinsurance receivable	(131,760)	131,760	-
Advanced received	32,180	(32,180)	-
Other liabilities	258,841	(60,033)	198,808
Net cash from operating activities	**1,432,203**	**-**	**1,432,203**

Effect of transition to IFRS 9 - Classification and Measurement

As at 1 January 2023, the Company applied IFRS 9 *"Financial Instruments"*. The Company elected to not restate comparative amounts. The application of IFRS 9 has not resulted in any measurement differences.

The following table presents the classification effect of the application of IFRS 9 on the statement of financial position:

	IAS 39 Category Assessment	Balance as at 1 January 2023	Balance as at 1 January 2023	IFRS 9 Category Assessment
Financial assets measured at fair value through other comprehensive income	Available-for-sale financial assets	9,419,011	9,419,011	Fair value through other comprehensive income

(in thousands of Kazakhstani Tenge)

5. Insurance revenue

The following tables provide an analysis of insurance revenue recognized for the years ended 31 December 2023 and 2022, respectively:

Year ended 31 December 2023	Obligatory insurance liability of vehicle owners*	Voluntary vehicle insurance	Voluntary Property insurance	Voluntary insurance of civil liability against the damage	Voluntary professional liability insurance	Air transport insurance	Other	Total
Insurance revenue	2,883,588	1,567,431	567,475	721,145	248,444	96,946	816,646	6,901,675
Total insurance revenue	**2,883,588**	**1,567,431**	**567,475**	**721,145**	**248,444**	**96,946**	**816,646**	**6,901,675**

Year ended 31 December 2022	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary Property insurance	Voluntary insurance of civil liability against the damage	Voluntary professional liability insurance	Air transport insurance	Other	Total
Insurance revenue	2,431,113	830,566	491,706	465,542	121,353	837,141	687,178	5,864,599
Total insurance revenue	**2,431,113**	**830,566**	**491,706**	**465,542**	**121,353**	**837,141**	**687,178**	**5,864,599**

*Insurance revenue includes income from the termination of obligatory insurance liability of vehicle owners contracts in the amount of KZT 122,859 thousand, concluded with residents to drive a car registered in a foreign country, terminations were made due to changes in legislation of the Republic of Kazakhstan in accordance with p. 5-2 article 10 of the Law of the obligatory insurance liability of vehicle owners.

(in thousands of Kazakhstani Tenge)

6. Insurance service expenses

The tables below provide an analysis of insurance service expenses recognized for the year ended 31 December 2023 and 2022:

Year ended 31 December 2023	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary Property insurance	Voluntary insurance of civil liability against the damage	Voluntary professional liability insurance	Air transport insurance	Other	Total
Insurance service expenses:								
Incurred claims and other incurred insurance service expenses	1,251,160	1,117,106	97,724	148,422	52,931	42,443	524,135	3,233,921
Acquisition cash flows amortization	1,664,373	344,629	54,007	98,638	1,611	-	28,947	2,192,205
Changes that relate to past service – adjustment to the LIC	164,602	(228,077)	(32,844)	201,896	(398)	(239,963)	(192,062)	(326,846)
Changes that relate to future service – losses on onerous groups of contracts and (reversal) of such losses	(864,783)	-	-	-	-	-	-	(864,783)
Total insurance service expenses	**2,215,352**	**1,233,658**	**118,887**	**448,956**	**54,144**	**(197,520)**	**361,020**	**4,234,497**

Year ended 31 December 2022	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary Property insurance	Voluntary insurance of civil liability against the damage	Voluntary professional liability insurance	Air transport insurance	Other	Total
Insurance service expenses:								
Incurred claims and other incurred insurance service expenses	1,660,667	518,998	55,572	53,047	15,674	342,547	327,659	2,974,164
Acquisition cash flows amortization	1,634,644	33,852	43,015	98,611	8,351	10,231	25,375	1,854,079
Changes that relate to past service – adjustment to the LIC	307,985	(1,555,213)	28,088	37,582	(3,569)	(81,797)	(193,421)	(1,460,345)
Changes that relate to future service – losses on onerous groups of contracts and (reversal) of such losses	486,491	-	-	-	-	-	-	486,491
Total insurance service expenses	**4,089,787**	**(1,002,363)**	**126,675**	**189,240**	**20,456**	**270,981**	**159,613**	**3,854,389**

(in thousands of Kazakhstani Tenge)

7. Net expenses from reinsurance contracts held

The tables below provide an analysis of the allocation of reinsurance premiums paid and amounts recovered from reinsurers for the year ended 31 December 2023 and 2022:

Year ended 31 December 2023	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary property insurance	Voluntary insurance of civil liability against the damage	Air transport insurance	Other	Total
Allocation of reinsurance premiums paid	**626**	**361,639**	**139,160**	**5,579**	**147,616**	**220,992**	**875,612**
Amounts recovered from reinsurers:							
Amounts recoverable for incurred claims and other incurred insurance service expenses	-	(275,093)	(6,602)	(13,249)	(24,504)	(222,262)	(541,710)
Changes in amounts recoverable that relate to past service – adjustments to incurred claims		8,581	553	5,000	139,079	150,857	304,070
Total amount recovered from reinsurers	-	**(266,512)**	**(6,049)**	**(8,249)**	**114,575**	**(71,405)**	**(237,640)**
Total net expenses from reinsurance contracts held	**626**	**95,127**	**133,111**	**(2,670)**	**262,191**	**149,587**	**637,972**

Year ended 31 December 2022	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary property insurance	Voluntary insurance of civil liability against the damage	Air transport insurance	Other	Total
Allocation of reinsurance premiums paid	-	**32,428**	**113,093**	**2,178**	**576,418**	**228,114**	**952,231**
Amounts recovered from reinsurers:							
Amounts recoverable for incurred claims and other incurred insurance service expenses	-	(20,993)	(5,428)	(9,812)	(160,458)	(152,039)	(348,730)
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	-	5,720	8,210	4,877	17,737	140,463	177,007
Total amount recovered from reinsurers	-	**(15,273)**	**2,782**	**(4,935)**	**(142,721)**	**(11,576)**	**(171,723)**
Total net expenses from reinsurance contracts held	-	**17,155**	**115,875**	**(2,757)**	**433,697**	**216,538**	**780,508**

(in thousands of Kazakhstani Tenge)

8. Interest income

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income on financial assets measured at fair value through other comprehensive income (IAS 39 – investments available-for-sale)	1,303,707	745,594
Interest income from loans under reverse repurchase agreements	124,097	117,729
Total interest income	**1,427,804**	**863,323**

9. Net loss on foreign exchange operations

	Year ended 31 December 2023	Year ended 31 December 2022
Unrealized foreign exchange loss	(17,932)	(74,054)
Trade operations with foreign currency, net	(18,169)	(131,947)
Total net loss on foreign exchange operations	**(36,101)**	**(206,001)**

10. Operating expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Staff costs	306,377	262,452
IT support services	168,747	48,367
Website development	65,576	97,923
Rating services	45,725	20,688
Depreciation and amortization	20,509	17,825
Professional services	16,078	21,009
Bank services	15,440	18,902
Rent expenses	15,152	11,420
Taxes, other than income tax	12,264	13,270
Advertising	10,263	21,632
Membership fee	7,261	6,324
Mail and courier expenses	2,247	828
Stationery	1,641	1,710
Property and equipment maintenance	175	-
Charity expenses	-	10,000
Other expenses	101,301	68,927
Total operating expenses	**788,756**	**621,277**

The cost of the Company's audit services provided by one company for 2023 and 2022 amounted to KZT 36,000 thousand and KZT 19,500 thousand, respectively.

(in thousands of Kazakhstani Tenge)

11. Income taxes

The Company measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Kazakhstan which may differ from IFRS.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2023 and 2022 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets. The tax rate used for the reconciliations below is the corporate income tax rate of 20% payable by corporate entities in the Republic of Kazakhstan on taxable profits (as defined) under tax law in that jurisdiction.

Temporary differences as at 31 December 2023 and 2022 comprise:

	31 December 2023	31 December 2022
Deductible temporary differences:		
Provision for unused vacation	55,255	42,643
Other provisions	211,000	-
Total deductible temporary differences	266,255	42,643
Taxable temporary differences:		
Property, equipment and intangible assets	(394,180)	(383,960)
Total taxable temporary differences	(394,180)	(383,960)
Net taxable temporary differences	(127,925)	(341,317)
Net deferred income tax liabilities	**(25,585)**	**(68,263)**

The movement of deferred income tax liabilities was as follows:

	2023	2022
1 January	(68,263)	(67,734)
Change in deferred income tax	42,678	(529)
31 December	**(25,585)**	**(68,263)**

(in thousands of Kazakhstani Tenge)

The effective income tax rate reconciliation is as follows for the years ended 31 December 2023 and 2022:

	Year ended 31 December 2023	Year ended 31 December 2022
Profit before income tax	2,648,491	1,280,251
Tax at the statutory tax rate (20%)	529,698	256,050
Tax effect of permanent differences:		
Non-taxable income on governmental and securities listed on Kazakhstan Stock Exchange	(272,977)	(172,473)
Non-deductible expense on insurance operations	23,618	13,029
Permanent differences between IFRS 4 and IFRS 17	(192,451)	67,078
Other	18,726	13,139
Income tax expense	**106,614**	**176,823**

	Year ended 31 December 2023	Year ended 31 December 2022
Current income tax expense	149,292	176,294
Deferred income tax (benefit)/expense	(42,678)	529
Income tax expense	**106,614**	**176,823**

12. Cash and cash equivalents

	31 December 2023	31 December 2022
Loans under reverse repurchase agreements	3,782,178	88,165
Current accounts in foreign currency	181,904	466,334
Current accounts in KZT	74,747	11,220
Cash on hand	13,079	49,311
Total cash and cash equivalents	**4,051,908**	**615,030**

Fair value and carrying value of the loans under reverse repurchase agreements as at 31 December 2023 and 2022 comprise:

	31 December 2023		31 December 2022	
	Book Value	Fair Value	Book Value	Fair Value
Ministry of Finance of Kazakhstan bonds	3,782,178	3,782,178	88,165	87,981
Total loans under reverse repurchase agreements	**3,782,178**	**3,782,178**	**88,165**	**87,981**

(in thousands of Kazakhstani Tenge)

13. Financial assets measured at fair value through other comprehensive income (2022: IAS 39 - Investments available-for-sale)

	31 December 2023	31 December 2022
Debt securities	8,203,606	9,381,345
Equity securities	37,666	37,666
Total	**8,241,272**	**9,419,011**

	Interest to nominal %	31 December 2023	Interest to nominal %	31 December 2022
Debt securities:				
Discount notes of NBRK	-	5,013,811	-	6,687,278
Bonds of the Ministry of Finance of the Republic of Kazakhstan	7.25	1,415,325	7.25	1,327,563
Bonds of foreign organizations	1.63-3.50	1,017,929	0.25-2.40	992,718
Bonds of Kazakhstani banks	16.50	546,752	-	-
Bonds of foreign countries	0.88	209,789	-	373,786
Total debt securities		**8,203,606**		**9,381,345**

As at 31 December 2023 and 2022, yield for discount notes of NBRK was within the range 17.79%-23.47% and 19.49%-24.16%, respectively.

	Share, %	31 December 2023	Share, %	31 December 2022
Equity securities:				
Shares of JSC Insurance Payments Guarantee Fund	-	37,666	-	37,666
Total equity securities		**37,666**		**37,666**

Assumptions applied in determining fair values are described in Note 21. As at 31 December 2023 and 2022, accrued interest of KZT 91,688 thousand and KZT 51,648 thousand, respectively, was included in financial assets measured at fair value through other comprehensive income.

As at 31 December 2023 and 2022, 603,580 of bonds of the Ministry of Finance of Republic of Kazakhstan, held by the Company, were pledged to secure the execution of obligations for the implementation of the reinsurance payment under the Loan Insurance Agreement. This transfer was authorized by the Board of Directors of the Company. As at 31 December 2023 and 2022, carrying amount of investments transferred as collateral amounted to KZT 569,508 thousand and KZT 534,194 thousand, respectively.

(in thousands of Kazakhstani Tenge)

14. Insurance contract assets and liabilities

The following tables shows the reconciliation from the opening to the closing balances ended 31 December 2023 and 2022 of the net liability for the remaining coverage and the liability for incurred claims under insurance contracts issued.

	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Insurance contract liabilities issued at the beginning	1,742,157	864,783	1,456,449	110,297	4,173,686
Insurance contract assets issued at the beginning	120,413	-	-	-	120,413
Net balance as at 1 January 2023	**1,621,744**	**864,783**	**1,456,449**	**110,297**	**4,053,273**
Insurance revenue	**(6,901,675)**	-	-	-	**(6,901,675)**
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	-	3,194,225	39,696	3,233,921
Amortization of acquisition cash flows	2,192,205	-	-	-	2,192,205
Adjustments to liabilities for incurred claims	-	-	(235,344)	(91,502)	(326,846)
Losses and (reversal) of losses on onerous contracts	-	(864,783)	-	-	(864,783)
Total insurance service expenses	**2,192,205**	**(864,783)**	**2,958,881**	**(51,806)**	**4,234,497**
Insurance service result	**(4,709,470)**	**(864,783)**	**2,958,881**	**(51,806)**	**(2,667,178)**
Pre-recognition cash flows	63,484	-	-	-	63,484
Cash flows for the period:					
Premiums received under insurance contracts issued	6,528,667	-	-	-	6,528,667
Claims and other insurance service expenses paid, except acquisition cash flows	-	-	(3,236,636)	-	(3,236,636)
Acquisition cash flows paid	(1,286,556)	-	-	-	(1,286,556)
Total cash flows	**5,242,111**	**-**	**(3,236,636)**	-	**2,005,475**
Total change in reserves for the year	**596,125**	**(864,783)**	**(277,755)**	**(51,806)**	**(598,219)**
Insurance contract liabilities issued at the end	2,217,869	-	1,178,694	58,491	3,455,054
Net balance as at 31 December 2023	**2,217,869**	**-**	**1,178,694**	**58,491**	**3,455,054**

(in thousands of Kazakhstani Tenge)

	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities issued at the beginning	853,000	378,292	2,225,299	148,301	3,604,892
Net balance as at 1 January 2022	**853,000**	**378,292**	**2,225,299**	**148,301**	**3,604,892**
Insurance revenue	**(5,864,599)**	**-**	**-**	**-**	**(5,864,599)**
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	-	2,898,256	75,908	2,974,164
Amortization of acquisition cash flows	1,854,079	-	-	-	1,854,079
Adjustments to liabilities for incurred claims	-	-	(1,346,433)	(113,912)	(1,460,345)
Losses and (reversal) of losses on onerous contracts	-	486,491	-	-	486,491
Total insurance service expenses	**1,854,079**	**486,491**	**1,551,823**	**(38,004)**	**3,854,389**
Insurance service result	**(4,010,520)**	**486,491**	**1,551,823**	**(38,004)**	**(2,010,210)**
Pre-recognition cash flows	32,180	-	-	-	32,180
Cash flows for the period:					
Premiums received under insurance contracts issued	7,640,261	-	-	-	7,640,261
Claims and other insurance service expenses paid, except acquisition cash flows	-	-	(2,320,673)	-	(2,320,673)
Acquisition cash flows paid	(2,893,177)	-	-	-	(2,893,177)
Total cash flows	**4,747,084**	**-**	**(2,320,673)**	**-**	**2,426,411**
Total change in reserves for the year	**768,744**	**486,491**	**(768,850)**	**(38,004)**	**448,381**
Insurance contract liabilities issued at the end	1,742,157	864,783	1,456,449	110,297	4,173,686
Insurance contract assets issued at the beginning	120,413	-	-	-	120,413
Net balance as at 31 December 2022	**1,621,744**	**864,783**	**1,456,449**	**110,297**	**4,053,273**

(in thousands of Kazakhstani Tenge)

15. Reinsurance contract assets

The following table shows the reconciliation from the opening to the closing balances for the year ended 2023 and 2022 in respect of net asset for remaining coverage and assets for incurred claims recoverable from reinsurance.

		Incurred claims component		
	Remaining coverage component	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Assets as at 1 January 2023	194,892	272,210	35,226	502,328
Changes in the statement of profit or loss:				
Allocation of reinsurance premiums paid	(875,612)	-	-	(875,612)
Amounts recovered from reinsurers:				
Recoveries on incurred claims and other incurred insurance service expenses	-	522,963	18,747	541,710
Changes in recoveries on claims incurred in prior periods	-	(259,305)	(44,765)	(304,070)
Total net expenses from reinsurance contracts held	**(875,612)**	**263,658**	**(26,018)**	**(637,972)**
Cash flows				
Premiums paid	809,598	-	-	809,598
Amounts received from reinsurers relating to incurred claims	-	(412,987)	-	(412,987)
Total cash flows	**809,598**	**(412,987)**	**-**	**396,611**
Total change in reserves for the year	**(66,014)**	**(149,329)**	**(26,018)**	**(241,361)**
Assets as at 31 December 2023	128,878	122,881	9,208	260,967

		Incurred claims component		
	Remaining coverage component	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Assets as at 1 January 2022	75,901	140,205	11,937	228,043
Changes in the statement of profit or loss:				
Allocation of reinsurance premiums paid	(952,231)	-	-	(952,231)
Amounts recovered from reinsurers:				
Recoveries on incurred claims and other incurred insurance service expenses	-	281,157	67,573	348,730
Changes in recoveries on claims incurred in prior periods	-	(132,723)	(44,284)	(177,007)
Total net expenses from reinsurance contracts held	**(952,231)**	**148,434**	**23,289**	**(780,508)**
Cash flows				
Premiums paid	1,071,222	-	-	1,071,222
Amounts received from reinsurers relating to incurred claims	-	(16,429)	-	(16,429)
Total cash flows	**1,071,222**	**(16,429)**	**-**	**1,054,793**
Total change in reserves for the year	**118,991**	**132,005**	**23,289**	**274,285**
Assets as at 31 December 2022	194,892	272,210	35,226	502,328

(in thousands of Kazakhstani Tenge)

16. Portfolios of assets and liabilities for insurance contract issued and reinsurance contracts held

The table below sets out the carrying amounts of portfolios of insurance and reinsurance contract assets and liabilities at the 31 December 2023 and 2022, per class of business:

	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary Property insurance	Voluntary insurance of civil liability against the damage	Voluntary professional liability insurance	Air transport insurance	Other	Total
Reinsurance contract assets	1,711	162,960	34,342	13,216	-	-	48,738	260,967
Insurance contract liabilities	815,814	1,410,891	303,590	520,102	118,951	-	285,706	3,455,054

	Obligatory insurance liability of vehicle owners	Voluntary vehicle insurance	Voluntary Property insurance	Voluntary insurance of civil liability against the damage	Voluntary professional liability insurance	Air transport insurance	Other	Total
Insurance contract assets	-	-	-	-	-	120,413	-	120,413
Reinsurance contract assets	-	518	53,022	4,874	-	290,336	153,578	502,328
Insurance contract liabilities	2,292,081	489,264	325,269	130,895	129,039	451,080	356,058	4,173,686

(in thousands of Kazakhstani Tenge)

17. Property, equipment and intangible assets

	Building and other real estate	Machinery and equipment	Vehicles	Other fixed assets	Intangible assets	Total
At cost						
1 January 2022	829,970	64,760	12,000	38,833	112,577	1,058,140
Additions	-	57,126	-	11,498	7,037	75,661
31 December 2022	829,970	121,886	12,000	50,331	119,614	1,133,801
Additions	-	24,930	23,447	3,311	13,512	65,200
Disposals	-	(6,654)	(6,468)	(85)	-	(13,207)
31 December 2023	829,970	140,162	28,979	53,557	133,126	1,185,794
Accumulated depreciation						
1 January 2022	140,459	24,559	8,353	30,839	105,755	309,965
Depreciation charge	16,632	24,542	548	5,555	8,388	55,665
31 December 2022	157,091	49,101	8,901	36,394	114,143	365,630
Depreciation charge	16,632	33,092	1,869	6,417	5,360	63,370
Eliminated on disposal	-	(6,654)	(1,548)	(85)	-	(8,287)
31 December 2023	173,723	75,539	9,222	42,726	119,503	420,713
Net book value						
As at 31 December 2023	**656,247**	**64,623**	**19,757**	**10,831**	**13,623**	**765,081**
As at 31 December 2022	**672,879**	**72,785**	**3,099**	**13,937**	**5,471**	**768,171**

As at 31 December 2023 and 2022 the Company's intangible assets included license agreements and computer software.

18. Equity

Share capital. As at 31 December 2023 and 2022, declared, issued and fully paid share capital consisted of 10,000 ordinary shares, with a par value of KZT 20,600 each. All shares are ranked equally and carry one vote each.

During the year ended 31 December 2023 and 2022, the amount of dividends declared and paid by the Company amounted to KZT Nil thousand.

Stabilization reserve. As at 31 December 2023, in order to ensure the financial stability of insurance organizations, the Company, as a component of capital, had a stabilization reserve in the total amount of KZT 258,338 thousand (31 December 2022: KZT 119,808 thousand). The stabilization reserve is an estimate of the insurance company's liabilities related to the implementation of future insurance payments in the event that the coefficient characterizing the loss-making of the insurance organization is exceeded, taking into account the share of the reinsurer over its average value.

(in thousands of Kazakhstani Tenge)

19. Commitments and contingencies

Capital commitments. As at 31 December 2023 and 2022, the Company did not have any significant capital commitments.

Legal proceedings. From time to time and in the normal course of business, claims against the Company are received from customers and counterparties. Management is of the opinion that no material non-accrued losses will be incurred and accordingly no provision has been made in these financial statements.

Taxes. Kazakh legislation governing business continues to change rapidly. Management's interpretation of such legislation in relation to the Company's activities may be challenged by the relevant regional and national authorities. Recently, tax authorities have often taken a more assertive position when interpreting legislation. As a result, previously unchallenged tax calculation approaches may be challenged in future tax audits. As a rule, the three years preceding the reporting year are open to inspection by the tax authorities. In certain circumstances, reviews may cover longer periods. The Company's management, based on its interpretation of tax laws, believes that all applicable taxes have been accrued. However, tax authorities may interpret applicable tax laws differently, and differences in interpretation could have a material effect on the financial statements.

Employee payments and retirement benefits. The Company's employees after retirement age receive pension benefits in accordance with the legislation of the Republic of Kazakhstan. As at 31 December 2023 and 2022, the Company was not liable for any supplementary pensions, post-retirement health care or other social payments to its current or former employees.

20. Transactions with related parties

Related parties and transactions with related parties are assessed in accordance with IAS 24 *Related party disclosures*.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions outstanding as at 31 December 2023 and 2022 with related parties:

	31 December 2023		31 December 2022	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Insurance contract liabilities	-	3,455,054	336	4,173,686
- other related parties	-		336	

(in thousands of Kazakhstani Tenge)

Included in the statement of profit or loss for the years ended 31 December 2023 and 2022, are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2023		Year ended 31 December 2022	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Insurance revenue	-	6,901,675	15	5,864,599
- other related parties	-		15	
Insurance service expenses	-	4,234,497	2,224	3,854,389
- other related parties	-		2,224	
Operating expenses, including:				
*-Key management remuneration**	189,048	733,056	162,300	641,225

**These expenses are included in operating expenses and insurance service expenses.*

21. Fair value of financial instruments

Fair value of financial instruments. IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of the Company's financial assets and financial liabilities measured at fair value on a recurring basis. Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets	Fair value as at 31 December 2023	Fair value as at 31 December 2022	Fair value hierarchy	Valuation technique(s) and key inputs
Financial assets measured at fair value though other comprehensive income (IAS 39 - Investments available-for-sale) (Note 13)	662,463	8,053,782	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value though other comprehensive income (IAS 39 - Investments available-for-sale) (Note 13)	7,539,228	1,327,563	Level 2	Quoted prices in markets that are not active.
Financial assets measured at fair value though other comprehensive income (IAS 39 - Investments available-for-sale) (Note 13)	37,666	37,666	Level 3	Not based on observable market data (Unobservable inputs)

There were no transfers between Level 1, Level 2 and Level 3 during the years ended 31 December 2023 and 2022.

22. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholder through the optimization of the debt and equity balance.

The Company is subject to the regulatory requirements for the solvency margin set by the NBRK. The Company is obliged to maintain the solvency margin normative not less than 1. As at 31 December 2023 and 2022, the Company's solvency margin was 3.44 and 2.51, respectively.

23. Risk management policies

Management of risk is fundamental to the insurance business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to underwriting risk, credit risk, liquidity risk, market risk, operational and currency risk. A summary of the Company's risk management policies in relation to those risks is as follows.

The Company recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Company has established a risk management framework, whose main purpose is to protect the Company from risk and allow it to achieve its performance objectives. Through the risk management framework, the Company manages the following risks:

Insurance risk. The main risk, which the Company is exposed to under the insurance contracts, is that the amount and the period of insurance premiums depend directly on the amounts and periods of loss incurrence by the insured. The Company is also exposed to the risk that its pricing assumptions will result in negative cash flows as a result of adverse claims data. These risks are inherent in all insurance contracts entered into by the Company.

The Company manages the insurance risk through its internal insurance risk policy. This involves assessing the risk exposure of the Company, the analysis of their insurance experience and other statistical data, and the settlement of tariff policy.

(in thousands of Kazakhstani Tenge)

Claims development table. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below summarizes actual claims compared with previous estimates of the undiscounted amounts of the claims as at 31 December 2023, the Company discloses the gross and net amounts of claims arising during the seven years prior to the reporting period:

	Accident year							
Gross claims	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)								
As at 31 December of the corresponding year	2,596,625	3,616,928	3,540,116	814,317	1,208,300	2,375,537	2,492,005	
1 year later	2,456,660	3,754,317	3,716,384	766,693	905,467	2,111,357		
2 years later	2,546,881	3,860,179	3,761,410	720,120	810,139			
3 years later	1,725,258	2,825,838	2,634,843	511,519				
4 years later	1,710,599	2,807,366	2,617,328					
5 years later	1,710,400	2,796,927						
6 years later	1,709,315							
Cumulative gross claims and other directly attributable expenses paid	(1,709,315)	(2,794,933)	(2,614,176)	(511,049)	(781,330)	(2,022,260)	(1,718,958)	(12,152,021)
Gross cumulative claims liabilities – accident years from 2017 to 2023	-	1,995	3,152	470	28,809	89,097	773,047	896,570
Gross cumulative claims liabilities – prior accident years								-
Effect of discounting								-
Effect of the risk adjustment for non-financial risk								58,492
Gross liability for incurred claims for the contracts originated								**955,062**

(in thousands of Kazakhstani Tenge)

Net claims	Accident year							
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of ultimate claim costs (net of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)								
As at 31 December of the corresponding year	2,596,625	3,616,928	3,540,116	813,041	1,068,094	2,097,706	1,850,782	
1 year later	2,456,660	3,754,317	3,716,384	766,693	893,114	2,108,832		
2 years later	2,546,881	3,860,179	3,761,410	720,119	845,183			
3 years later	1,725,258	2,825,838	2,634,843	512,264				
4 years later	1,710,599	2,807,366	2,617,328					
5 years later	1,710,400	2,796,927						
6 years later	1,709,315							
Cumulative net claims and other directly attributable expenses paid	(1,709,315)	(2,794,933)	(2,614,176)	(511,049)	(773,847)	(2,001,928)	(1,261,380)	(11,666,628)
Net cumulative claims liabilities – accident years from 2017 to 2023	-	1,995	3,152	1,215	71,336	106,903	589,402	774,003
Net cumulative claims liabilities – prior accident years								-
Effect of discounting								-
Effect of the risk adjustment for non-financial risk								49,284
Net liability for incurred claims for the contracts originated								**823,287**

(in thousands of Kazakhstani Tenge)

Investment risks. The investment policy of the Company is based on levels of income and the Company's risk appetite at a point in time. The investment activities of Kazakhstani insurance companies are under the strict supervision of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market, and the Company does not have permission to operate as a professional participant in the capital markets.

The investment portfolio of the Company comprises financial instruments that are chosen according to profitability rates, maturity and the risk level of the investment. The investment portfolio is diversified to provide smooth income receipts during the investing period. Investment income is generally reinvested to increase the investment portfolio.

Credit risk. The Company is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one debtor, or groups of debtors and geographical segments. Limits on the level of credit risk by a debtor and reinsurer are approved by the Management Board and the Board of Directors on a regular basis. Such risks are monitored continuously and subject to an annual or more frequent reassessment.

The Company regularly monitors the collectability of insurance and reinsurance receivable. If receivables are impaired, impairment charges are recognized in the financial statements.

Risk aggregation by groups of reinsurers is carried out by the Company based on the credit rating assigned by international rating agencies (Moody's/Fitch/S&P) as of the current date. The groups are formed according to descending class of the assigned rating. So, using the example of the Moody's rating scale: Group 1 includes investment grade ratings from Aaa to Aa3, Group 2 includes A1 to B3, Group 3 from Baa1 to Baa3. Group 4 includes speculative rating levels from Ba1 to Ba3, Group 5 B1 to B3.

The following table provides information on the credit quality of reinsurance contracts held that represent assets based on the Company's internal ratings:

Group risk level	31 December 2023	31 December 2022
Group 1	168,859	25,294
Group 2	17,521	364,228
Group 3	-	90,737
Group 4	30,982	5,774
Group 5	43,605	16,295
	260,967	**502,328**

Maximum exposure of credit risk. The Company's maximum exposure to credit risk varies significantly depending on both individual risks and general market economy risks.

For financial assets in the statement of financial position, the maximum exposure is equal to the carrying amount of those assets prior to any offset of assets and liabilities or collateral.

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

(in thousands of Kazakhstani Tenge)

The following table details credit ratings of financial assets held by the Company as at 31 December 2023 and 2022, which were rated using either internationally recognized rating agency or internal rating:

	BBB	<BBB	Not rated	Total
31 December 2023:				
Cash and cash equivalents	3,787,228	251,601	13,079	4,051,908
Financial assets measured through other comprehensive income	7,656,854	546,752	37,666	8,241,272
Other financial assets	-	2,003	37,070	39,073
31 December 2022:				
Cash and cash equivalents	96,114	507,671	11,245	615,030
Investments available-for-sale	8,014,841	1,366,504	37,666	9,419,011
Other financial assets	-	-	782	782

The entities of the insurance sector are in general exposed to credit risk arising from financial instruments and contingencies. The Company's credit risk is focused in the Republic of Kazakhstan. The degree of credit risk is monitored on an ongoing basis in order to ensure observance of limits.

As at 31 December 2023 and 2022, the Company does not have any overdue but not impaired financial assets.

Geographic concentration. All the Company's operations are conducted in the Republic of Kazakhstan.

The Company controls the risk of reinsurance by individual reinsurers. An analysis of concentrations of the Company's reinsurance risk on individual reinsurers is given in the following tables. The amounts shown in the table represent the gross book value:

Groups of assets under reinsurance contracts	31 December 2023	31 December 2022
Concentration by reinsurer		
HANNOVER RUCK SE HANNOVER RE	166,677	18,649
JSC "IC Sinoasia B&R"	25,302	40,662
JSC "SOGAZ"	-	27,217
American International Group UK Limited	-	40,554
CHUBB European Group SE	-	42,342
Samsung Fire & Marine	-	17,621
Starr International (Europe) Ltd	-	28,119
Others	68,988	287,164
Total	**260,967**	**502,328**

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. Liquidity risk may result from either inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

(in thousands of Kazakhstani Tenge)

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

	Weighted average effective interest rate, %	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Maturity undefined	31 December 2023
FINANCIAL ASSETS:							
Cash and cash equivalents	16.4%	3,782,178	-	-	-	-	3,782,178
Financial assets measured at fair value through other comprehensive income	6.88%	5,223,600	564,482	453,447	1,962,077	-	8,203,606
Other financial assets	14.4%	2,003	-	-	-	-	2,003
Total interest-bearing financial assets		**9,007,781**	**564,482**	**453,447**	**1,962,077**	**-**	**11,987,787**
Cash and cash equivalents		269,730	-	-	-	-	269,730
Financial assets measured at fair value through other comprehensive income		-	-	-	-	37,666	37,666
Other financial assets		36,425	-	645	-	-	37,070
Total financial assets		**9,313,936**	**564,482**	**454,092**	**1,962,077**	**37,666**	**12,332,253**
FINANCIAL LIABILITIES:							
Other financial liabilities		11,323	21,553	-	12,889	-	45,765
Total financial liabilities		**11,323**	**21,553**	**-**	**12,889**	**-**	**45,765**
Liquidity gap		9,302,613	542,929	454,092	1,949,188	37,666	12,286,488
Cumulative liquidity gap		9,302,613	9,845,542	10,299,634	12,248,822	12,286,488	

	Weighted average effective interest rate, %	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Maturity undefined	31 December 2022
FINANCIAL ASSETS:							
Cash and cash equivalents	16.75%	88,165	-	-	-	-	88,165
Investments available-for-sale	4.93%	6,687,278	373,786	992,718	1,327,563	-	9,381,345
Total interest-bearing financial assets		**6,775,443**	**373,786**	**992,718**	**1,327,563**	**-**	**9,469,510**
Cash and cash equivalents		526,865	-	-	-	-	526,865
Investments available-for-sale		-	-	-	-	37,666	37,666
Other financial assets		-	-	782	-	-	782
Total financial assets		**7,302,308**	**373,786**	**993,500**	**1,327,563**	**37,666**	**10,034,823**
FINANCIAL LIABILITIES:							
Other financial liabilities		39,794	-	-	12,889	-	52,683
Total financial liabilities		**39,794**	**-**	**-**	**12,889**	**-**	**52,683**
Liquidity gap		7,262,514	373,786	993,500	1,314,674	37,666	9,982,140
Cumulative liquidity gap		7,262,514	7,636,300	8,629,800	9,944,474	9,982,140	

Discounted liabilities presented in the tables above approximate contractual undiscounted liabilities due to their short-term nature.

(in thousands of Kazakhstani Tenge)

Financial assets measured at fair value through other comprehensive income (IAS 39 - investments available-for-sale) are presented by dates to maturity, while they are sufficiently liquid and could be realized at the fair value during three months period, if necessary.

Market risk. Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. There have been no changes as to the way the Company measures risk or to the risk it is exposed in 2023 and 2022.

Interest rate risk. The Company manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions.

A 300 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel of the Company and represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2023 and 2022, the Company is not exposed to interest rate risk because the Company does not have financial instruments with floating interest rate as at reporting date.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The level of these changes is determined by management and is contained within the risk reports provided to key management personnel.

The following table details the Company's sensitivity to a 3% increase and decrease in the interest rates in 2023 and 2022, respectively. Management of the Company believes that given the current economic conditions in Kazakhstan that a 3% increase is a realistic movement in the interest rates. The sensitivity analysis includes only outstanding financial assets and liabilities.

Impact on equity and profit and loss based on asset values as at 31 December 2023 and 2022:

	31 December 2023		31 December 2022	
	Interest rate +3%	**Interest rate -3%**	**Interest rate +3%**	**Interest rate -3%**
Assets:				
Financial assets measured at fair value through other comprehensive income (IAS 39 - Investments available-for-sale)	(81,189)	86,399	(87,564)	95,387
Net impact on equity and profit and loss	**(81,189)**	**86,399**	**(87,564)**	**95,387**

Equity price sensitivity analysis. If equity prices would increase and decrease by 25% in 2023 and 2022, the capital would increase and decrease by KZT 9,417 thousand.

Currency risk. Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

(in thousands of Kazakhstani Tenge)

Information about the Company's currency risk level is provided below:

	KZT	USD USD 1 = KZT 454.56	Other currencies	31 December 2023 Total
FINANCIAL ASSETS				
Cash and cash equivalents	3,870,004	181,450	454	4,051,908
Financial assets measured at fair value through other comprehensive income *	6,975,888	1,227,718	-	8,203,606
Other financial assets	2,648	36,425	-	39,073
Total financial assets	**10,848,540**	**1,445,593**	**454**	**12,294,587**
FINANCIAL LIABILITES				
Other financial liabilities	45,765	-	-	45,765
Total financial liabilities	**45,765**	**-**	**-**	**45,765**
NET POSITION	**10,802,775**	**1,445,593**	**454**	**12,248,822**

** The table above does not include available-for-sale equity investments as at 31 December 2023, in the amount of KZT 37,666 thousand.*

	KZT	USD USD 1 = KZT 462.65	Other currencies	31 December 2022 Total
FINANCIAL ASSETS				
Cash and cash equivalents	148,697	466,330	3	615,030
Investments available-for-sale*	8,052,507	1,366,504	-	9,419,011
Other financial assets	782	-	-	782
Total financial assets	**8,201,986**	**1,832,834**	**3**	**10,034,823**
FINANCIAL LIABILITES				
Other financial liabilities	52,683	-	-	52,683
Total financial liabilities	**52,683**	**-**	**-**	**52,683**
NET POSITION	**8,149,303**	**1,832,834**	**3**	**9,982,140**

** The table above does not include available-for-sale equity investments as at 31 December 2022, in the amount of KZT 37,666 thousand.*

Currency risk sensitivity. The following table details the Company's sensitivity to a 25% increase and decrease in the KZT against the USD. 25% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 25% change in foreign currency rates.

The impact on profit before tax and equity based on asset values as at 31 December 2023 and 2022, was calculated using the annual analysis of the exchange rates volatility based on historical data of the exchange rates dynamics over the last two years; see the details in the following table:

	31 December 2023		31 December 2022	
	KZT/USD +25%	**KZT/USD -25%**	**KZT/USD +25%**	**KZT/USD -25%**
Impact on profit before tax	289,119	(289,119)	387,796	(387,796)
Impact on equity	361,398	(361,398)	484,745	(484,745)

(in thousands of Kazakhstani Tenge)

Insurance contracts sensitivity analysis

The following table details the impact of changes in the basic assumptions on the company's profit and loss and equity before and after the risk reduction under the retained reinsurance contracts. This analysis is based on changing one risk variable, while keeping all other variables at the same level. Sensitivity analysis suggests that variable changes can occur independently, which is unlikely in practice. No changes have been made in the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous period.

					31 December 2023
	Changes in assumption	Impact on profit and (loss)		Impact on equity	
		Gross	Net	Gross	Net
Expenses	10%	2,963	2,963	2,963	2,963
Expenses	(10%)	(2,963)	(2,963)	(2,963)	(2,963)
Gross loss ratio	5%	5,371	3,544	5,371	3,544
Gross loss ratio	(5%)	(4,581)	(3,028)	(4,581)	(3,028)

					31 December 2022
	Changes in assumption	Impact on profit and (loss)		Impact on equity	
		Gross	Net	Gross	Net
Expenses	10%	13,589	13,589	13,589	13,589
Expenses	(10%)	(13,589)	(13,589)	(13,589)	(13,589)
Gross loss ratio	5%	92,260	79,348	92,260	79,348
Gross loss ratio	(5%)	(92,260)	(78,033)	(92,260)	(78,033)

Limitations of sensitivity analysis. The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors.

It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value in the statement of financial position.

In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder's equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Operational risk. Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The management of the Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

24. Subsequent events

In January 2024, the Company paid dividends in the amount of KZT 2,100,000 thousand.