SINOASIA B&R Insurance JSC

Financial Statements
for the year ended 31 December 2023

Contents

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Independent Auditors' Report

To the shareholders and Board of Directors of Sinoasia B&R Insurance JSC

Opinion

We have audited the financial statements of Sinoasia B&R Insurance Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance contracts liabilities	
Please refer to Notes 3 (b) and 15 to the financial statements.	
Key audit matter	***How the matter was addressed in our audit***
IFRS 17 provides several models for measuring insurance contracts liabilities. For insurance contracts, the Company applies the general measurement model and the premium allocation approach. In accordance with the general measurement model, the Company measures insurance contracts liabilities as the total of the fulfilment cash flows, which comprise estimated future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the contractual service margin. In accordance with the premium allocation approach, future premiums are recognised without determining the contractual service margin. Liability for incurred claims within "Insurance contract liabilities" caption are calculated for reported and not reported incurred claims using actuarial methods and assumptions. Estimating future cash flows as well as using assumptions in calculation of provisions for reported and not reported incurred claims require significant judgement, and minor changes in the assumptions may have a significant effect on insurance contract liabilities. Besides this, there are various approaches to calculating discount curves and recognising the contractual service margin during coverage period. Due to significant amount of insurance contract liabilities and uncertainty in calculating provisions, we believe that this matter is a key audit matter.	Our audit procedures included analysis of assumptions, judgements and the methodology used by management in estimating insurance contracts liabilities, testing accuracy of liabilities, with involvement of our actuarial experts. We assessed overall appropriateness of applying the general measurement model and premium allocation approach, in accordance with the requirements of IFRS 17. With involvement of our actuarial experts we reviewed adequacy of assumptions used by the Company's management in modelling future cash flows as well as key assumptions used in calculating discount curves, and performed independent recalculation of discounted cash flows and contractual service margin. To review adequacy of professional judgement and assumptions made by management in calculation of insurance contracts liabilities, we analysed historical loss development patterns and appropriateness of estimates made by management earlier for further portfolio development patterns as well as loss ratio and expense ratio patterns. We tested completeness and accuracy of data used in calculation of insurance contracts liabilities by reconciling, on a sample basis primary documentation to the underlying accounting records related to recognition of premiums under insurance and reinsurance contracts, accounting for insurance events, acquisition costs, loss adjustment expenses, and other related accounting records. We reviewed mathematical accuracy of formulas applied and their appropriateness to the adopted methodology for calculation of insurance contracts liabilities. We also evaluated the adequacy of the financial statement disclosures whether they fully reflect the Company exposure to insurance risk.

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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

— Evaluate the overall presentation, structure and content of the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Andrey Kouznetsov
Audit Partner

Madina Magomedova
Certified auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000594 of 24 May 2018

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

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

17 October 2024

'000 KZT	Note	2023	2022 (restated*)
Insurance revenue	6	15,134,202	9,031,008
Insurance service expenses	7	(11,596,848)	(7,092,737)
Net expenses from reinsurance contracts	15	(371,638)	(1,278,873)
Insurance service result		**3,165,716**	**659,398**
Interest income calculated using the effective interest method	8	1,938,644	566,919
Other investment income, net	9	24,138	370,551
Net impairment loss on financial assets	13	(261,741)	-
Investment return		**1,701,041**	**937,470**
Net finance expenses from insurance contracts	10	(1,071,346)	(48,022)
Net finance result		**(1,071,346)**	**(48,022)**
Other operating expenses	7	(156,740)	(37,129)
Other income, net		137,801	124,815
Profit before income tax		**3,776,472**	**1,636,532**
Income tax expense	11	(786,254)	(276,330)
Profit for the year		**2,990,218**	**1,360,202**
Other comprehensive income, net of income tax			
Items that are or may be reclassified subsequently to profit or loss, net of tax:			
Debt instruments measured at FVOCI:			
Net change in fair value		106,125	-
Net amount reclassified to profit or loss		523	-
Net change in expected credit losses		261,741	-
Available-for-sale financial assets:			
Net change in fair value		-	(829,789)
Amount reclassified to profit or loss, net of income tax		-	3,162
Other comprehensive income/(loss) for the year, net of income tax		**368,389**	**(826,627)**
Total comprehensive income for the year		**3,358,607**	**533,575**

*See Note 4.

The financial statements as set out on pages 7 to 61 were approved by the Management Board on 17 October 2024:

L. M. Buranbayeva
Chairman of the Management Board

«Sinoasia B&R» (Синоазия БиЭндАр)» Сақтандыру Компаниясы

R. D. Ibrayev
Chief Accountant

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

'000 KZT	Note	31 December 2023	31 December 2022 (restated*)	1 January 2022 (restated*)
ASSETS				
Cash and cash equivalents	12	18,034,107	3,549,654	387,911
Investment securities measured at fair value	13	7,336,361	5,844,051	4,075,686
Investment securities measured at amortised cost	14	1,050,839	-	-
Property, plant and equipment and intangible assets		88,027	39,091	37,932
Current tax asset		1,909	1,621	45,101
Reinsurance contracts assets	15	-	129,069	274,153
Deferred tax assets	11	-	101,585	-
Other receivables	16	228,627	15,518	9,656
Other assets		145,521	42,181	14,038
Total assets		**26,885,391**	**9,722,770**	**4,844,477**
LIABILITIES				
Insurance contracts liabilities	15	(16,448,487)	(4,648,350)	(1,052,098)
Reinsurance contracts liabilities	15	(65,182)	-	-
Advances on insurance contracts		(966,524)	(111,088)	(116,044)
Deferred tax liabilities	11	(87,798)	-	(37,494)
Other liabilities		(115,609)	(87,109)	(39,545)
Total liabilities		**(17,683,600)**	**(4,846,547)**	**(1,245,181)**
EQUITY				
Share capital	17(a)	(2,600,000)	(2,315,000)	(1,765,000)
Additional paid-in capital	17(a)	(1,342,511)	(630,011)	(201,011)
Revaluation reserve		432,166	781,846	(44,781)
Retained earnings		(5,691,446)	(2,713,058)	(1,588,504)
Total equity		**(9,201,791)**	**(4,876,223)**	**(3,599,296)**
Total liabilities and equity		**(26,885,391)**	**(9,722,770)**	**(4,844,477)**

**See Note 4.*

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

'000 KZT	**2023**	**2022 (restated*)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**2,990,218**	**1,360,202**
Adjustment for:		
Depreciation and amortisation	23,630	14,060
Charge for expected credit losses on financial assets	261,741	-
Interest income calculated using the effective interest method	(1,938,644)	(566,919)
Net foreign exchange loss/(gain)	75,413	(295,087)
Net realised loss/(gain) from the sale of investment securities	1,712	(2,267)
Net unrealised gain on investment securities measured at fair value through profit or loss	(101,263)	(73,197)
Income tax expense	786,254	276,330
Operating profit before changes in working capital	**2,099,061**	**713,122**
(Increase)/decrease in operating assets		
Reinsurance contracts assets	129,069	145,084
Other receivables	(213,109)	(5,862)
Other assets	(103,340)	(28,143)
Increase/(decrease) in operating liabilities		
Insurance contracts liabilities	11,800,137	3,596,252
Reinsurance contracts liabilities	65,182	-
Advances on insurance contracts	855,436	(4,956)
Other liabilities	28,500	47,564
Net cash from operating activities before interest income and other finance income received and income tax paid	**14,660,936**	**4,463,061**
Income tax paid	(648,961)	(208,912)
Interest income received	1,881,173	456,483
Net cash from operating activities	**15,893,148**	**4,710,632**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(72,566)	(15,219)
Acquisition of investment securities measured at amortised cost	(490,987)	-
Acquisition of investment securities measured at fair value	(2,139,794)	(2,776,088)
Sale of investment securities measured at fair value	348,116	448,604
Net cash used in investing activities	**(2,355,231)**	**(2,342,703)**

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

‘000 KZT	**2023**	**2022 (restated*)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (Note 17(a))	997,500	979,000
Dividends paid	(35,489)	(211,989)
Net cash from financing activities	**962,011**	**767,011**
Net increase in cash and cash equivalents	**14,499,928**	**3,134,940**
Effect of movements in exchange rates on cash and cash equivalents	(15,475)	26,803
Cash and cash equivalents at the beginning of the year	3,549,654	387,911
Cash and cash equivalents at the end of the year (Note 12)	**18,034,107**	**3,549,654**

**See Note 4.*

'000 KZT	**Share capital**	**Additional paid-in capital**	**Revaluation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2022	**1,765,000**	**201,011**	**44,781**	**1,387,412**	**3,398,204**
Adjustment on initial application of IFRS 17, net of income tax	-	-	-	201,092	201,092
Balance at 1 January 2022, restated*	**1,765,000**	**201,011**	**44,781**	**1,588,504**	**3,599,296**
Profit for the year, restated*	-	-	-	1,360,202	1,360,202
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value of investment securities measured at fair value through other comprehensive income	-	-	(829,789)	-	(829,789)
Net change in fair value of securities measured at FVOCI reclassified to profit or loss	-	-	3,162	-	3,162
Total other comprehensive income	**-**	**-**	**(826,627)**	**-**	**(826,627)**
Total comprehensive income for the year, restated*	**-**	**-**	**(826,627)**	**1,360,202**	**533,575**
Transactions with owners recorded directly in equity					
Shares issued (Note 17(a))	550,000	429,000	-	-	979,000
Dividends declared and paid (Note 17(c))	-	-	-	(235,648)	(235,648)
Total transactions with owners	**550,000**	**429,000**	**-**	**(235,648)**	**743,352**
Balance at 31 December 2022, restated*	**2,315,000**	**630,011**	**(781,846)**	**2,713,058**	**4,876,223**

**See Note 4.*

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

'000 KZT	**Share capital**	**Additional paid-in capital**	**Revaluation reserve**	**Retained earnings**	**Total**
Balance at 1 January 2023	**2,315,000**	**630,011**	**(781,846)**	**2,713,058**	**4,876,223**
Adjustment on initial application of IFRS 9, net of income tax	-	-	(18,709)	-	(18,709)
Balance at 1 January 2023, restated*	**2,315,000**	**630,011**	**(800,555)**	**2,713,058**	**4,857,514**
Total comprehensive income, (restated)*					
Profit for the year	-	-	-	2,990,218	2,990,218
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value of investment securities measured at fair value through other comprehensive income	-	-	106,125	-	106,125
Net change in fair value of securities measured at FVOCI reclassified to profit or loss	-	-	523	-	523
Net change in expected credit losses	-	-	261,741	-	261,741
Total other comprehensive income	**-**	**-**	**368,389**	**-**	**368,389**
Total comprehensive income for the year	**-**	**-**	**368,389**	**2,990,218**	**3,358,607**
Transactions with owners recorded directly in equity					
Shares issued (Note 17(a))	285,000	712,500	-	-	997,500
Dividends declared and paid (Note 17(c))	-	-	-	(11,830)	(11,830)
Total transactions with owners	**285,000**	**712,500**	**-**	**(11,830)**	**985,670**
Balance at 31 December 2023	**2,600,000**	**1,342,511**	**(432,166)**	**5,691,446**	**9,201,791**

**See Note 4.*

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

1 Reporting entity

(a) Organisation and operations

Sinoasia B&R Insurance JSC (formerly JSC MIC Archimedes Kazakhstan) was established in the Republic of Kazakhstan as a joint stock company on 10 December 2007.

In August 2017, 83.14% of the issued shares of the joint stock company were purchased by Mr. Choy Yuk Leung, and its name was changed to Sinoasia B&R Insurance JSC (the "Company").

The Company holds licence No.2.1.1 dated 14 February 2022 to provide general insurance and reinsurance, issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The Company's principal activity is providing health insurance, property insurance, motor vehicle insurance and other types of insurance.

During the year 2020, the Company obtained listing on the Kazakhstan Stock Exchange (the "KASE").

The address of the Company's registered office is: 34/95, Karasai Batyr str., Almaty, Republic of Kazakhstan.

On 5 May 2023, Bank CenterCredit JSC (the "Bank") acquired a controlling block of voting shares of the Company (Note 21). As at 31 December 2023 and 31 December 2022, the Company's shareholders were:

	31 December 2023, %	31 December 2022, %
Bank Center Credit JSC	92.45	9.52
Mr. Choy Yuk Leung	7.55	65.10
Minority stakeholders	-	25.38
Total	**100**	**100**

Information about the Shareholders and ultimate controlling party and related party transactions is disclosed in Note 21 (a).

(b) Kazakhstan business environment

The Company's operations are primarily located in the Republic of Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Depreciation of the Kazakhstan tenge and volatility in the global price of oil also increased the level of uncertainty in the business environment.

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

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

2 Basis of accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

This is the first set of the Company's annual financial statements in which IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* have been applied. The related changes to material accounting policies are described in Note 4.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for investment securities measured at fair value and insurance and reinsurance contracts measured on the basis of fulfilment cash flows and the contractual service margin (CSM), if any.

(c) Functional and presentation currency

The functional currency of the Company is the Kazakhstan Tenge ("KZT") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

KZT is also the presentation currency for the purposes of these financial statements.

Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

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

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

Judgements

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

- Notes 13, 14 and 3(d)(i) – classification of financial instruments: assessing the business model within which the assets are held;
- Notes 15 and 3(b)(i) – classification of insurance and reinsurance contracts: assessing whether the contract transfers significant insurance risk;
- Notes 15 and 3(b)(iii) – level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- Notes 15(e) and 3(b)(vi) – measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk;
- Notes 4(a)(ii) – transition to IFRS 17: determining whether reasonable and supportable information is available to apply a modified retrospective approach.

Assumptions and estimations uncertainty

Information about assumptions made in measuring insurance and reinsurance contracts is included in Note 15(e). Changes in the following key assumptions may change the fulfilment cash flows materially during 2024. For the groups of contracts measured using the GMM (General Measurement Model), these changes would adjust the CSM and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services:

- assumptions about claims development; and
- assumptions about discount rates, including any illiquidity premiums.

3 Material accounting policies

The accounting policies set out below were applied consistently by the Company.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

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

Currency	**2023**	**2022**
USD 1	454.56	462.65

(b) Insurance and reinsurance contracts

(i) Classification of contracts

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

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

- insurance contracts issued, classified as insurance contracts;
- issued reinsurance contracts, classified as insurance contracts;
- held reinsurance contracts, classified as insurance contracts.

Criteria for identifying insurance contracts

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

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

Criteria for identifying reinsurance contracts

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

(ii) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is not accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

(iii) Aggregation and recognition of insurance and reinsurance contracts

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

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

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- other remaining contracts in the portfolio, if any.

The Company assumes that contracts evaluated using the premium allocation approach (PAA) are not onerous at initial recognition, unless facts and circumstances indicate otherwise.

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

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

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

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

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

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

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

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

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

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

The Company postpones the recognition of a group of reinsurance contracts held providing proportional coverage until the date of initial recognition of the underlying insurance contract, if this date is later than the date of the coverage period for the group of reinsurance contracts held.

(iv) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. nonrefundable commissions paid on issuance of a contract), then they are allocated to that group.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method (Note 15(e)).

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of insurance contracts.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

(v) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts	Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when: - the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or - the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date. The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.
Reinsurance contracts	Cash flows are within the contract boundary if they arise from substantive rights and obligations 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. A substantive right to receive services from the reinsurer ends when the reinsurer: - has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or - has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company’s substantive rights and obligations and, therefore, may change over time.

(vi) Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iv)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see (ix)).

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows:

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see (ix)); or

- any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (ix)).

- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see (ix)).

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- changes in the risk adjustment for non-financial risk that relate to future services.

Reinsurance contracts

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts, with the following modifications:

The carrying amount of a group of reinsurance contracts at the end of each reporting period is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM of the group measured at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;

- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

(vii) Measurement – Contracts measured under the PAA

The Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

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

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iv)). The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided (see (ix)) and any additional insurance acquisition cash flows allocated after initial recognition. At initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Therefore, the Company has elected not to adjust the liability for the remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) when the liability for incurred claims is also discounted (see below).

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates), unless they are expected to be paid within one year or less from the date the claims are incurred.

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

(viii) Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of an insurance contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see (ix)).

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

(ix) Presentation

Portfolios of issued insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iv)) are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue – Contracts not measured under the PAA

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (vi)), which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the insurance contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage. The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period based on the passage of time; however, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred.

They exclude repayments of investment components and comprise the following items.

- *Incurred claims and other insurance service expenses.*
- *Amortisation of insurance acquisition cash flows:* For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Company presents insurance finance income or expenses for all groups of insurance contracts in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with banks, and highly liquid financial assets with original maturities of less than three months, which are not subject to significant risk of changes in their fair value, and are used by the Group in the management of short-term commitments.

(d) Financial assets

Accounting policy applied from 1 January 2023

(i) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

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

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

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

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

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

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

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

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

(ii) Subsequent measurement

Financial assets measured at fair value through profit or loss	These assets are subsequently measured at fair value. Net income and losses, including interest income or dividends, are recognized in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by the amount of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Other gains or losses from derecognition are recognised in profit or loss.
Debt investment securities measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net income and losses are recognised in other comprehensive income. Upon derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Accounting policy applied before 1 January 2023

(iii) Classification and subsequent measurement

The Company classified its financial assets to one of the following categories:

Financial assets at fair value through profit or loss	These assets were measured at fair value and changes, including any interest income, were recognised in profit or loss.
Held-to-maturity investments	These assets were measured at amortised cost using the effective interest method.
Loans and receivables	These assets were measured at amortised cost using the effective interest method.
Available-for-sale financial assets	These assets were measured at fair value and changes with the exception of impairment losses, interest income and foreign exchange differences on debt instruments, were recognised in other comprehensive income and accumulated in the fair value reserve. In case of derecognition, gain or loss accumulated in equity was reclassified to profit or loss.

(e) Impairment

Accounting policy applied from 1 January 2023

The Company recognises loss allowances for expected credit losses (ECL) on the financial assets measured at amortised cost and financial instruments measured at fair value through other comprehensive income.

No impairment loss is recognised on investments in equity instruments and financial assets measured at fair value through profit or loss.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1’ financial instruments.

Lifetime expected credit losses (ECLs) are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

ECL measurement

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

Assessment of PD, LGD and EAD

External data of Standards&Poor's studies over a considerable period (e.g. average historical PD values over the period between 1981 and 2022) are used by the Group to build PDs due to lack of sufficient historical data. PDs are to be recalculated as far as revised studies are available (generally, on an annual basis).

If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Company estimates LGD parameters for debt investment securities on the basis of external information published by Moody's. Estimates are based on published information about the recovery rate. External data represent the level of recoveries for defaulted government bonds as well as corporate bonds.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For securities EAD is calculated based on the carrying amount of an item in tenge, including acquisition cost, current accrued interest and discount/premium.

The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

	Credit risk exposure	**External benchmarks used**	
	31 December 2023 '000 KZT	**PD**	**LGD**
Cash and cash equivalents	18,034,107	S&P's default study	Moody's recovery studies
Investment securities measured at FVOCI	7,019,334		
Investment securities measured at AC	1,050,839		

Information about the credit quality of financial assets is set out in the respective disclosures in the financial statements.

Accounting policy applied before 1 January 2023

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the Company determines the amount of any impairment loss.

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

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

(i) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of loans and other receivables (the "loans and receivables"). The Company reviews its loans and receivables, to assess impairment on a regular basis. The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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

(ii) Available-for-sale financial assets

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

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

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

(iii) Non-financial assets

Other non-financial assets, other than deferred tax assets, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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

(f) Share capital

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

Dividends

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

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

(g) Taxation

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

Current tax

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

Taxable income is calculated on the basis of financial indicators prepared in accordance with IFRS 4.

Deferred tax

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

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

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

In these financial statements deferred tax assets and liabilities arise due to differences in accounting basis used for tax and book purposes. Tax accounting is based on IFRS 4, while these financial statements are prepared in accordance with IFRS 17.

(h) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2024 with earlier application permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- Amendments to IAS 1 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.*

- Amendment to IFRS 16 *Leases - Lease Liability in a Sale and Leaseback.*
- Additional disclosures to IAS 7 *Statements of Cash Flows* and IFRS 7 *Financial instruments: Disclosures*.

4 Changes in material accounting policies

The Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result of transition to IFRS 17, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. The Company used an exemption provided in IFRS 9 from the requirement to restate comparative information about classification and measurement, including impairment of financial assets.

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below.

(a) IFRS 17 *Insurance Contracts*

(i) Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Company no longer applies shadow accounting to insurance-related assets and liabilities.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses.

The Company applies the PAA to simplify the measurement of contracts, except for groups that do not qualify for the PAA. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Company accounts for insurance and reinsurance contracts under IFRS 17, see Note 3(b).

(ii) Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a modified retrospective approach. Under the modified retrospective approach, at 1 January 2022 the Company:

– identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;

– derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, insurance receivables and payables. Under IFRS 17, they are included in the measurement of the insurance contracts;

– recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effect of adopting IFRS 17 on the financial statements at 1 January 2022 is presented in the statement of changes in equity.

The Company applied the modified retrospective transition approach in IFRS 17 to identify, recognise and measure all groups of contracts at 1 January 2022, because it was impracticable to apply the full retrospective approach.

The Company considered the full retrospective approach impracticable under any of the following circumstances:

– The effects of retrospective application were not determinable because the information required had not been collected and was unavailable because of data retention requirements or other reasons. Such information included for certain contracts:

  • information about historical cash flows required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;

  • information about changes in assumptions and estimates, which have not been documented on an ongoing basis.

– The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:

  • expectations at contract inception about contracts terminations, premium and commission returns;

  • assumptions about the risk adjustment for non-financial risk.

To indicate the effect of applying the modified retrospective approach on the CSM and insurance revenue, the Company has provided additional disclosures in Note 15(a).

(iii) Insurance and reinsurance contracts - Modified retrospective approach

The objective of the modified retrospective approach was to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Company applied each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 retrospectively.

The Company applied the following modifications to certain groups of contracts:

- for groups of contracts issued before 1 January 2022, the future cash flows on initial recognition were estimated by adjusting the amounts for the cash flows that were known to have occurred before that date.

- for groups of contracts issued before 1 January 2022, the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company issued at 1 January 2022.

(b) IFRS 9 *Financial Instruments*

(i) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost; fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 3(d).

IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ELC) model. The new impairment model applies to financial assets measured at FVOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (see Note 3(e).

(iii) Transition

The Company has applied the temporary exemption from IFRS 9 *Financial Instruments*, for annual periods beginning before 1 January 2023. Consequently, the Company had a first-time adoption of IFRS 9 in its entirety on a single date of 1 January 2023.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The Company took advantage of the exemption in IFRS 9 allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes.

The business model within which a financial asset is held has been determined on the basis of the facts and circumstances that existed at 1 January 2023.

As permitted by IFRS 9, the Company has not disclosed information about the line item amounts that are reported in accordance with the classification and measurement (including impairment) requirements of IFRS 9 for 2022 and those that would have been reported in accordance with the classification and measurement requirements of IAS 39 for 2023.

Classification of financial assets and financial liabilities

The following table below and notes thereto show the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets. The table below also reconciles the carrying amounts of financial assets under IAS 39 to their carrying amounts under IFRS 9. IFRS 9 had no effect on the Company's measurement categories for financial liabilities.

'000 KZT	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassification	Remeasurement	New carrying amount under IFRS 9
Financial assets							
Cash and cash equivalents	12	Loans and receivables	Amortised cost	3,549,654	-	-	3,549,654
Investment securities – debt (a)	13	Available-for-sale	FVOCI	5,628,287	(440,038)	-	5,188,249
Investment securities– debt (b)	13	Available-for-sale	Amortised cost	-	440,038	18,709	458,747
Investment securities – equity	13	FVTPL	FVTPL	215,764	-	-	215,764
Other financial assets	16	Loans and receivables	Amortised cost	15,518	-	-	15,518
Total financial assets				**9,409,223**	**-**	**18,709**	**9,427,932**

The Company's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 3(d). The application of these policies resulted in the reclassifications are set out in the table above and explained below:

a) Certain debt securities are held to meet everyday liquidity needs. The Company's treasury seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Company considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.

b) On transition to IFRS 9, the Company reassessed its business model and reclassified certain investment securities from the 'available-for-sale category' to the 'amortised cost' category. On first application of IFRS 9, the carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

5 Insurance risk management

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

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

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

(i) Underwriting strategy

The underwriting strategy is set out in the business plan that sets out the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Company is prepared to underwrite. This strategy is developed through the detailed underwriting procedures that determine detailed underwriting rules for each type of product.

Calculation of the tariffs and prices on insurance product reflects current market conditions and covers the most probable assumptions necessary for the adjustment of future results, aiming to significantly mitigate financial risks.

Each corporate client policy requires separate approval of the underwriters or risk committee, depending on the magnitude of the acceptable risk in line with company internal policy. Adherence to the underwriting authorities is being monitored by management on an on-going basis. Those transactions requiring special authorisation are subject to the approval of the Company's Board of Directors.

(ii) Reinsurance strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company does not utilise any stop-loss reinsurance to control its risk of losses resulting from one-off event.

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

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

(i) Insurance contracts – health insurance

Product features

The Company provides voluntary health insurance. In accordance with insurance contracts insured individuals receive medical care that is paid by an insurer or reimbursement of expenses for medical services. Generally, insurance claims occur frequently, are of insignificant size and their cause can be easily determined. Thus, an insurance claim can be settled within a short time frame. Accordingly, voluntary health insurance is regarded as "short tail" business.

Risk Management

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

Risks associated with any insurance contract range depending on a number of factors, such as location, age, sex and health status of the insured and availability of medical services. Calculations of insurance premiums on these insurance contracts comparable with the risk is considered to be subjective and, therefore, risky.

Insurance risk is primarily managed through pricing, product design, establishment of exceptions related to certain types of disease that need regular and expensive treatment (chronic diseases) or treatment which can be prescribed by the state.

(ii) Insurance contracts – Property

Product features

Property insurance indemnifies the policyholder against loss or damage to its own material property and business interruption arising from this damage. A policy may include both standard insurance coverage and extended terms and conditions depending on the specific needs of the customer. The event giving rise to a claim such as a fire, burglary or acts of vandalism usually occurs suddenly and the cause is readily determinable. The claim will thus be notified promptly and can be settled without delay. Property business is therefore classified as 'short-tail', contrasted with 'long-tail' classes where the ultimate claim cost takes longer to determine.

Risk Management

The key risks associated with this product are underwriting risk, competitive risk, market risk and claims experience risk. The Company should thoroughly calculate an insurance premium, considering the unique characteristics of the insured property. For private property insurance, it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this may not be the case. Many commercial property proposals comprise a unique combination of location, type of business, and safety measures in place.

The Company operates in a competitive environment and is hence under the risk of writing premiums with reference to the competitors' pricing strategies or partners' requirement rather than to its own loss experience. The Company should also consider the risk that the insured will make false or invalid claims or exaggerate the amount, especially in the adverse economic conditions, which may adversely impact the profitability of a property portfolio.

Insurance risk is managed primarily through pricing, independent assessment of property under international standards, a carefully-considered design for an insurance product, rigorous risk selection and reinsurance facilities. The Company therefore monitors and promptly responds to changes in the general economic and commercial environment in which it operates and adapts its strategy accordingly.

Concentrations of risk may arise where a particular event or series of events occur that could impact heavily upon the Company's liabilities to indemnify the insured. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to insured objects which are based in a single geographic location, exposed to catastrophic events. The Company manages these risks through the assessment of the portfolio and clients, including groups of clients, the diversification of products, burden on capital and risk appetite, and through the use of reinsurance.

The approach to managing risks helps maintain the financial stability and deliver quality service to clients, in the face of economic instability and uncertainty.

(iii) Insurance contracts – Motor vehicles

Product features

Motor vehicle insurance indemnifies the policyholder against loss or damage to its motor vehicle as a result of insured events that are covered by the insurance contract.

The event giving rise to a claim for damage to a motor vehicle usually occurs suddenly (such as a car accident, theft and third-party actions) and the cause is readily determinable. The claim will thus be notified promptly and can be settled within the term specified in the insurance contract. Motor vehicle insurance is generally considered a 'short tail' line as it takes a relatively short period of time to finalise and settle claims for a given accident year.

Risk Management

The key risks associated with this product are underwriting risk, the adequacy of the accumulated premium pool and levels of insurance payments. These factors, as well as the upward trend in prices of car spare parts, and repairs and other services affect the overall loss rate, and whether premiums calculated for these policies are commensurate with the risk assumed may be assessed as soon as sufficient statistics is collected.

Insurance risk is managed by monitoring the average claim settlement amounts, based on data on types of damages, insured events, regions of car registration, and car models. Analysing and monitoring loss rates, the Company may adjust insurance tariffs and insurance programmes.

(c) Concentration of insurance risk

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

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

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

(d) Total aggregate exposures

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

As at 31 December 2023 the Company had 187,532 insurance contracts in force (31 December 2022: 46,401 valid insurance contracts in force).

(i) Exposure by various business lines

The key concentrations identified as at 31 December 2023 are:

'000 KZT **Type of insurance**	**Gross insured amount**	**Reinsurance amount**	**Net retention (after reinsurance)**
Property-voluntary	619,921,399	(25,907,777)	594,013,622
Motor transport – voluntary	343,707,442	-	343,707,442
Health – voluntary	185,199,099	(24,353,117)	160,845,982
Title – voluntary	130,579,072	-	130,579,072
Traveller – obligatory	5,927,525	-	5,927,525
Civil liability- voluntary	4,711,560	(4,455,000)	256,560
Other financial losses liability – voluntary	2,045,613	(1,880,000)	165,613
Rail transport – voluntary	1,633,412	-	1,633,412
Professional indemnity – voluntary	549,996	-	549,996
Cargo – voluntary	445,187	-	445,187
Accident – voluntary	6,000	-	6,000
Total	**1,294,726,305**	**(56,595,894)**	**1,238,130,411**

The key concentrations identified as at 31 December 2022 are:

'000 KZT **Type of insurance**	**Gross insured amount**	**Reinsurance amount**	**Net retention (after reinsurance)**
Property- voluntary	110,127,336	(16,839,783)	93,287,553
Motor transport – voluntary	94,598,970	-	94,598,970
Health – voluntary	181,551,756	(11,908,660)	169,643,096
Traveller – obligatory	5,805,836	-	5,805,836
Civil liability- voluntary	2,403,997	(244,043)	2,159,954
Other financial losses liability – voluntary	1,152,058	(940,000)	212,058
Professional indemnity – voluntary	871,890	-	871,890
Accident – voluntary	598,504	-	598,504
Total	**397,110,347**	**(29,932,486)**	**367,177,861**

(ii) Exposure by other countries

The Company is not exposed to risks in any countries other than the Republic of Kazakhstan, as the Company has no insurance contracts covering risk outside the Republic of Kazakhstan.

The Company is exposed to risks by the following countries other than the Republic of Kazakhstan as at 31 December 2023:

'000 KZT **Country**	**Gross insured amount**	**Reinsurance amount**	**Net retention (after reinsurance)**
Kingdom of Jordan	12,374,509	-	12,374,509
Kyrgyzstan	33,882	-	33,882
Turkmenistan	28,515	-	28,515
Mongolia	14,795	-	14,795
Total exposure (excluding the Republic of Kazakhstan)	**12,451,701**	**-**	**12,451,701**
Kazakhstan	1,282,274,604	(56,595,894)	1,225,678,710
Total	**1,294,726,305**	**(56,595,894)**	**1,238,130,411**

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

'000 KZT Type of insurance	**Gross insured amount**	**Reinsurance amount**	**Net retention (after reinsurance)**
Kingdom of Jordan	19,399,965	-	19,399,965
Kyrgyzstan	7,235,134	(5,696,668)	1,538,466
Total exposure (excluding the Republic of Kazakhstan)	**26,635,099**	**(5,696,668)**	**20,938,431**
Kazakhstan	370,475,248	(24,235,818)	346,239,430
Total	**397,110,347**	**(29,932,486)**	**367,177,861**

(iii) Exposure to catastrophic events

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

The key concentrations identified as at 31 December 2023 are:

'000 KZT Catastrophe events	**Gross insured amount**	**Estimated PML (before reinsurance)**	**Net retention (after reinsurance)**
Almaty earthquake with magnitude exceeding seven points on the Richter scale	168,090,516	117,663,361	115,663,361

The key concentrations identified as at 31 December 2022 are:

'000 KZT Catastrophe events	**Gross insured amount**	**Estimated PML (before reinsurance)**	**Net retention (after reinsurance)**
Almaty earthquake with magnitude exceeding seven points on the Richter scale	34,291,387	24,003,971	20,163,595

(iv) Sensitivity analysis

Reasonably possible changes at the reporting date to the underwriting risk variables would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Profit or loss		**Equity**	
2023 '000 KZT	**Gross**	**Net**	**Gross**	**Net**
Ultimate claims (5% increase)	(58,217)	(46,574)	(58,217)	(46,574)
Ultimate claims (5% decrease)	58,067	46,453	58,067	46,453

	Profit or loss		**Equity**	
2022 (restated) '000 KZT	**Gross**	**Net**	**Gross**	**Net**
Ultimate claims (5% increase)	(15,879)	(12,703)	(15,879)	(12,703)
Ultimate claims (5% decrease)	15,879	12,703	15,879	12,703

Changes in underwriting risk variables mainly affect the profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

(a) Profit or loss:

- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

(b) Equity:

- The effect on profit or loss under (a).

(e) Claims development

The table below illustrates how estimates of cumulative claims have developed over time on a gross basis. Each table shows how the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Analysis of claims development (gross) – total

	Accident year					
'000 KZT	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of cumulative claims						
At the end of the accident year	2,029,807	2,772,606	3,874,873	6,478,072	10,075,861	10,075,861
- one year later	1,752,758	2,432,279	3,670,105	6,630,022	-	6,630,022
- two years later	1,738,058	2,432,279	3,677,203	-	-	3,677,203
- three years later	1,738,058	2,433,932	-	-	-	2,433,932
- four years later	1,739,240	-	-	-	-	1,739,240
Estimate of cumulative claims as 31 December 2023	**1,739,240**	**2,433,932**	**3,677,203**	**6,630,022**	**10,075,861**	**24,556,258**
Cumulative payments as at 31 December 2023	(1,738,058)	(2,432,278)	(3,674,547)	(6,526,832)	(9,327,823)	(23,699,538)
Gross outstanding claims liabilities as at 31 December 2023	**1,182**	**1,654**	**2,656**	**103,190**	**748,038**	**856,720**
Effect of discounting	-	-	-	-	-	(15,366)
Total outstanding claims liabilities as at 31 December 2023	**1,182**	**1,654**	**2,656**	**103,190**	**748,038**	**841,354**

6 Insurance revenue

'000 KZT	2023	2022 (restated)
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
- Release of the CSM because of the transfer of insurance contract services in the period	1,588,855	239,469
- Changes in the risk adjustment for non-financial risk	12,117	4,738
- Release from the liability for remaining coverage because of incurred insurance service expenses	1,483,505	256,122
- Other	(26,860)	(2,611)
Amounts related to insurance acquisition cash flows	511,642	405,694
	3,569,259	**903,412**
Contracts measured under the PAA	**11,564,943**	**8,127,596**
Total insurance revenue from insurance contracts (see Note 15(a))	**15,134,202**	**9,031,008**

7 Insurance service expenses

'000 KZT	2023	2022 (restated)
Paid claims and benefits	9,921,377	6,291,000
Incurred claims and benefits unpaid	451,950	7,496
Losses on onerous insurance contracts (Note 15(a))	(34)	(12,170)
Fee and commission expense	752,812	679,065
Wages and salaries and related taxes	446,325	212,158
Consulting and professional services	133,196	39,028
Bank and brokerage fees	55,837	19,970
Rent	46,211	42,023
Depreciation and amortisation	23,630	14,060
Communication services	15,496	10,007
Representation expenses	14,789	6,773
Repair and maintenance	8,482	14,375
Business travel expenses	5,932	3,754
Other	22,876	8,771
	11,898,879	**7,336,310**
Amounts allocated to insurance acquisition cash flows incurred during the year	(995,904)	(847,941)
Amortisation of insurance acquisition cash flows (Note 15(a))	850,613	641,497
	11,753,588	**7,129,866**
Represented by:		
Insurance service expenses (Note 15(a))	11,596,848	7,092,737
Other operating expenses	156,740	37,129

The cost of the Company's audit services provided by a firm in 2023 amounted to KZT 103,000 thousand (2022: KZT 17,000 thousand).

8 Interest revenue calculated using the effective interest method

'000 KZT	2023	2022 (restated)
Amounts receivable under reverse repurchase agreements	1,410,710	254,996
Investment securities measured at fair value – debt	344,011	280,459
Cash in savings accounts with banks	112,434	31,464
Investment securities measured at amortised cost	71,489	-
Total interest revenue calculated using the effective interest method	**1,938,644**	**566,919**

9 Other investment income, net

'000 KZT	2023	2022 (restated)
Net unrealised gain on investment securities at fair value through profit or loss	101,263	73,197
Net foreign exchange (loss)/gain	(75,413)	295,087
Net realised (loss)/gain from sale of investment securities	(1,712)	2,267
	24,138	**370,551**

10 Net finance expenses from insurance contracts

'000 KZT	2023	2022 (restated)
Net finance expenses from insurance contracts		
Interest expense reflecting the impact and changes in the time value of money	(1,301,982)	(120,316)
The effect of changes in interest rates and other financial assumptions	197,444	76,472
Net foreign exchange gain	33,192	(4,178)
Total net finance expenses from insurance contracts	**(1,071,346)**	**(48,022)**

11 Income tax expense

'000 KZT	2023	2022
Current year tax expense	(648,673)	(252,392)
Movement in deferred tax liabilities/deferred tax assets due to origination and reversal of temporary differences	(137,581)	(23,938)
Total income tax expense	**(786,254)**	**(276,330)**

In 2023, the applicable tax rate for current and deferred tax is 20% (2022: 20%).

Reconciliation of effective tax rate:

	2023		2022	
	'000 KZT	%	'000 KZT	%
Profit before income tax	**3,776,472**	**100**	**1,636,532**	**100**
Income tax at the applicable tax rate	(755,294)	(20.0)	(327,306)	(20.0)
Non-taxable income from investment securities measured at fair value through other comprehensive income and investment securities measured at amortised cost	23,322	0.6	22,801	1.39
Other (non-deductible expenses)/ non-taxable income	(54,282)	(1.4)	28,175	1.72
	(786,254)	**(20.8)**	**(276,330)**	**(16.9)**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax liabilities as at 31 December 2023 and 31 December 2022. The deductible temporary differences do not expire under current tax legislation.

Movements in temporary differences for the year ended 31 December 2023 are presented as follows:

'000 KZT	Balance at 1 January 2023	Recognised in equity	Recognised in profit or loss	Balance at 31 December 2023
Investment securities measured at fair value	154,061	(51,802)	-	102,259
Property, plant and equipment and intangible assets	1,054	-	(160)	894
Reinsurance-contracts-held assets	21,447	-	62,787	84,234
Insurance contract liabilities	(81,166)	-	(200,577)	(281,743)
Other	6,189	-	369	6,558
	101,585	**(51,802)**	**(137,581)**	**(87,798)**

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

'000 KZT	**Balance at 1 January 2022 (restated)**	**Recognised in equity**	**Recognised in profit or loss**	**Balance at 31 December 2022 (restated)**
Investment securities measured at fair value	(8,956)	163,017	-	154,061
Property, plant and equipment and intangible assets	249	-	805	1,054
Reinsurance-contracts-held assets	7,650	-	13,797	21,447
Insurance contract liabilities	(41,783)	-	(39,383)	(81,166)
Other	5,346	-	843	6,189
	(37,494)	**163,017**	**(23,938)**	**101,585**

12 Cash and cash equivalents

'000 KZT	**2023**	**2022**
Cash on hand	**3,741**	**832**
Cash in a broker account	**2,124**	**59,489**
Cash in current bank accounts		
Kazakhstan banks		
Rated from Baa13o Baa1	1,498	6,571
Rated from Ba3 to Ba1	61,528	-
Rated from B3 to B1	-	44,237
Not rated (Citibank Kazakhstan JSC)	174,578	194,542
Total cash in current bank accounts	**237,604**	**245,350**
Cash in savings accounts with banks		
Rated from Ba3 to Ba1	188	-
Rated from B3 to B1	-	415,031
Total cash in savings accounts with banks	**188**	**415,031**
Total cash in bank accounts	**237,792**	**660,381**
Reverse repurchase agreements (reverse repo) with original maturity of less than three months - not credit rated	17,790,450	2,828,952
Total cash and cash equivalents	**18,034,107**	**3,549,654**

The credit ratings are presented by reference to credit ratings of Moody's credit ratings agency or analogues of similar international agencies.

As at 31 December 2023 all cash and cash equivalents are categorised into Stage 1 of the credit risk grading (31 December 2022 – not impaired nor past due).

As at 31 December 2023, the annual effective interest rate on saving accounts with banks was 14.5% per annum (31 December 2022: 9 % per annum).

During 2023 the Company entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject-matter of these agreements were bonds of the Ministry of Finance of the Republic of Kazakhstan, bonds of Kazakhstan Sustainability Fund JSC and bonds of Industrial Development Fund JSC, with a total fair value of KZT 17,839,453 thousand (2022: bonds of the Ministry of Finance of the Republic of Kazakhstan with the fair value of KZT 2,808,071 thousand).

As at 31 December 2023 the Company has no accounts with the bank, whose balances exceed 10% of total cash and cash equivalents (31 December 2022: accounts with one bank whose balances amounted to KZT 459,093 thousand). As at 31 December 2023 and 31 December 2022, the carrying amount of balances under reverse repurchase agreements exceeds 10% of the total cash.

13 Investment securities measured at fair value

'000 KZT	2023	2022
Investment securities measured at fair value through profit or loss (a)	317,027	215,764
Investment securities measured at fair value through other comprehensive income (b)	7,019,334	-
Available-for-sale financial assets (b)	-	5,628,287
	7,336,361	**5,844,051**

(a) Investment securities measured at fair value through profit or loss

'000 KZT	2023	2022
Equity investments		
Shares of Bank CenterCredit JSC	297,397	196,134
Shares of Insurance Payment Guarantee Fund JSC	19,630	19,630
Total investment securities measured at fair value through profit or loss	**317,027**	**215,764**

(b) Investment securities measured at fair value through other comprehensive income and available-for-sale financial assets

'000 KZT	31 December 2023	31 December 2022
Debt investments		
Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	-	440,040
Total Government bonds	**-**	**440,040**
Bonds of foreign states		
Rated from Aaa	88,329	88,629
Rated from A1 to A3	91,240	93,028
Rated from Baa1 to Baa3	173,381	162,795
Not rated	27,616	27,735
Total bonds of foreign states	**380,566**	**372,187**
Bonds of foreign corporations and international financial organisations		
Rated from Aa1 to Aa3	1,555,612	790,129
Rated from A1 to A3	2,229,739	2,022,880
Rated from Baa1 to Baa3	1,594,570	1,603,060
Rated from Ba1 to Ba3	253,663	139,437
Rated from B1 to B3	84,207	-
Not rated	41,136	16,015
Total bonds of foreign corporations and international financial organisations	**5,758,927**	**4,571,521**
Bonds of Kazakhstan banks		
Rated from Baa1 to Baa3	101,849	98,163
Rated from Ba1 to Ba3	615,996	-
Total bonds of Kazakhstan and foreign corporations	**717,845**	**98,163**
Corporate bonds of Kazakhstan companies		
Rated from Baa1 to Baa3	161,996	146,376
Total bonds of Kazakhstan and foreign corporations	**161,996**	**146,376**
Loss allowance	(261,741)	**-**
Total fair value of investment securities	**7,019,334**	**5,628,287**

The credit ratings are presented by reference to credit ratings of Moody's credit ratings agency or analogues of similar international agencies.

As at 31 December 2023, investment securities measured at fair value through other comprehensive income with the carrying amount of KZT 6,958,540 thousand are categorised into Stage 1 of the credit risk grading and of KZT 60,794 thousand are categorised into Stage 2 of the credit risk grading (31 December 2022: not overdue nor impaired).

During 2023, the Company wrote off its investment in bonds of Credit Suisse Group AG for a total of KZT 186,354 thousand and accrued the allowance for expected credit losses in the amount of KZT 75,387 thousand.

As at 31 December 2023 and 31 December 2022, the Company held no financial instruments issued by issuers whose individual balances exceed 10% of the total balances of investment securities measured at fair value through other comprehensive income.

As at 31 December 2023, coupon interest rates generated by debt investment securities measured at fair value through other comprehensive income ranged from 0.7% to 16.5% per annum (31 December 2022: 2.15% to 10% per annum).

14 Investment securities measured at amortised cost

'000 KZT	31 December 2023	31 December 2022
Debt financial instruments		
Government bonds of the Republic of Kazakhstan		
Rated Baa3	535,795	-
Total Government bonds	**535,795**	-
Corporate bonds of Kazakhstan companies		
Rated from Baa1 to Baa3	515,044	-
Total corporate bonds of Kazakhstan companies	**515,044**	-
Total of investment securities measured at amortised cost	**1,050,839**	-

The credit ratings are presented by reference to credit ratings of Moody's credit ratings agency or analogues of similar international agencies.

As at 31 December 2023, all investment securities measured at amortised cost are categorised into Stage 1 of the credit risk grading.

As at 31 December 2023, the Company held financial instruments issued by 2 issuers whose individual balances exceed 10% of the total balances of investment securities measured at amortised cost. The total gross value of these balances as at 31 December 2023 is KZT1,050,839 thousand.

As at 31 December 2023, the annual effective interest rates generated by investment securities ranged from 5% to 15.3% per annum. As at 31 December 2023, maturities of the investment securities measured at amortised cost range from January 2024 to March 2029.

15 Insurance and reinsurance contracts

	General Measurement Model (GMM)		Premium allocation approach (PAA)				
2023 '000 KZT	**Motor transport insurance**	**Voluntary health insurance (credit insurance)**	**Voluntary health insurance (capitation)**	**Property insurance**	**Other**	**Outgoing reinsurance (in foreign currency)**	**Total**
Insurance contract liabilities	(13,489,804)	(160,256)	(1,155,696)	(1,224,571)	(418,160)	-	**(16,448,487)**
Reinsurance-contracts-held liabilities	-	-	-	-	-	(65,182)	**(65,182)**

	General Measurement Model (GMM)		Premium allocation approach (PAA)				
2022 '000 KZT	**Motor transport insurance**	**Voluntary health insurance (credit insurance)**	**Voluntary health insurance (capitation)**	**Property insurance**	**Other**	**Outgoing reinsurance (in foreign currency)**	**Total**
Insurance contract liabilities	(884,573)	(302,180)	(3,020,293)	(263,797)	(177,507)	-	**(4,648,350)**
Reinsurance-contracts-held liabilities	-	-	-	-	-	129,069	**129,069**

At 31 December 2023, the maximum exposure to credit risk from insurance contracts is KZT 175,487 thousand (31 December 2022: KZT 278,341 thousand), which primarily relates to premiums receivable for services that the Company has already provided.

(a) Movements in insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit and loss. The Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit and loss. A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, with the risk adjustment for non-financial risk and the CSM.

For an explanation of how contracts were measured under the modified retrospective approach on transition to IFRS 17, see Note 4(a)(iii).

(i) Insurance contracts

Analysis by remaining coverage and incurred claims – Contracts not measured under PAA

	2023				2022			
	Liabilities for remaining coverage				**Liabilities for remaining coverage**			
'000 KZT	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**	**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**
Opening liabilities	**(1,066,038)**	**(31)**	**(120,684)**	**(1,186,753)**	**(440,759)**	**(11,033)**	**(21,986)**	**(473,778)**
Changes in the statement of profit and loss								
Insurance revenue (Note 6)								
Contracts under the modified retrospective transition approach	259,809	-	-	259,809	329,117	-	-	329,117
Other contracts	3,309,450	-	-	3,309,450	574,295	-	-	574,295
	3,569,259	**-**	**-**	**3,569,259**	**903,412**	**-**	**-**	**903,412**
Insurance service expenses (Note 7)								
Incurred claims and other insurance service expenses	-	34	(1,062,268)	(1,062,234)	-	11,696	(273,927)	(262,231)
Amortisation of insurance acquisition cash flows	(511,642)	-	-	(511,642)	(405,694)	-	-	(405,694)
Losses and reversals of losses on onerous contracts	-	-	-	-	-	474	-	474
Adjustments to liabilities for incurred claims	-	-	(88,931)	(88,931)	-	-	453	453
	(511,642)	**34**	**(1,151,199)**	**(1,662,807)**	**(405,694)**	**12,170**	**(273,474)**	**(666,998)**
Insurance service result								
Net finance expenses from insurance contracts (Note 10)	(1,088,039)	(3)	(16,496)	(1,104,538)	(44,268)	(1,168)	1,592	**(43,844)**
Total changes in the statement of profit and loss	**1,969,578**	**31**	**(1,167,695)**	**801,914**	**453,450**	**11,002**	**(271,882)**	**192,570**
Cash flows								
Premiums received	(15,346,690)	-	-	(15,346,690)	(1,760,607)	-	-	(1,760,607)
Claims and other insurance service expenses paid	-	-	1,071,280	1,071,280	-	-	173,184	173,184
Insurance acquisition cash flows	1,010,189	-	-	1,010,189	681,878	-	-	681,878
Total cash flows	**(14,336,501)**	**-**	**1,071,280**	**(13,265,221)**	**(1,078,729)**	**-**	**173,184**	**(905,545)**
Closing liabilities	**(13,432,961)**	**-**	**(217,099)**	**(13,650,060)**	**(1,066,038)**	**(31)**	**(120,684)**	**(1,186,753)**

Analysis by measurement component – Contracts not measured under the PAA

	2023						2022					
			CSM (see (c))						CSM (see (c))			
‘000 KZT	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Other contracts**	**Subtotal**	**Total**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Other contracts**	**Subtotal**	**Total**
Opening liabilities	**(426,448)**	**(16,429)**	**(11,643)**	**(732,233)**	**(743,876)**	**(1,186,753)**	**(466,796)**	**(6,982)**	**-**	**-**	**-**	**(473,778)**
Changes in the statement of profit and loss												
Changes that relate to current services												
CSM recognised for services provided (Note 6)	-	-	24,002	1,564,853	1,588,855	1,588,855	-	-	4,457	235,012	239,469	239,469
Change in the risk adjustment for non-financial risk for risks expired (Note 6)	-	12,117	-	-	-	12,117	-	4,738	-	-	-	4,738
Experience adjustments	394,377	-	-	-	-	394,377	(19,941)	-	-	-	-	(19,941)
Changes that relate to future services												
Contracts initially recognised in the year (Note 15 (b))	5,577,425	(49,094)	-	(5,528,331)	(5,528,331)	-	1,456,080	(11,971)	-	(1,444,109)	(1,444,109)	-
Changes in estimates that adjust the CSM	1,000,059	7,896	(49,469)	(958,486)	(1,007,955)	-	(424,893)	(593)	4,450	421,036	425,486	-
Experience adjustments	(66,564)	-	(14,177)	80,775	66,598	34	(118,678)	-	(20,550)	150,923	130,373	11,695
Changes that relate to past services												
Adjustments to liabilities for incurred claims	(88,958)	27	-	-	-	(88,931)	1,471	(1,018)	-	-	-	453
Insurance service result	**6,816,339**	**(29,054)**	**(39,644)**	**(4,841,189)**	**(4,880,833)**	**1,906,452**	**894,039**	**(8,844)**	**(11,643)**	**(637,138)**	**(648,781)**	**236,414**
Net finance expenses from insurance contracts (Note 10)	(584,463)	(5,038)	(1,232)	(513,805)	(515,037)	(1,104,538)	51,854	(603)	-	(95,095)	(95,095)	(43,844)
Total changes in the statement of profit and loss	**6,231,876**	**(34,092)**	**(40,876)**	**(5,354,994)**	**(5,395,870)**	**801,914**	**945,893**	**(9,447)**	**(11,643)**	**(732,233)**	**(743,876)**	**192,570**
Cash flows	**(13,265,221)**	**-**	**-**	**-**	**-**	**(13,265,221)**	**(905,545)**	**-**	**-**	**-**	**-**	**(905,545)**
Closing liabilities	**(7,459,793)**	**(50,521)**	**(52,519)**	**(6,087,227)**	**(6,139,746)**	**(13,650,060)**	**(426,448)**	**(16,429)**	**(11,643)**	**(732,233)**	**(743,876)**	**(1,186,753)**

Analysis by remaining coverage and incurred claims – Contracts measured under PAA

	2023				2022			
	Liabilities for remaining coverage	**Liabilities for incurred claims**			**Liabilities for remaining coverage**	**Liabilities for incurred claims**		
'000 KZT	**Estimates of present value of future cash flows**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	**Estimates of present value of future cash flows**	**Estimates of present value of future cash flows**	**Risk adjustments for non-financial risk**	**Total**
Opening liabilities	**(3,247,740)**	**(208,437)**	**(5,420)**	**(3,461,597)**	**(289,999)**	**(281,015)**	**(7,306)**	**(578,320)**
Changes in the statement of profit and loss								
Insurance revenue (Note 6)								
Contracts under the modified retrospective transition approach	22,351	-	-	22,351	830,252	-	-	830,252
Other contracts	11,542,592	-	-	11,542,592	7,297,344	-	-	7,297,344
	11,564,943	**-**	**-**	**11,564,943**	**8,127,596**	**-**	**-**	**8,127,596**
Insurance service expenses (Note 7)								
Incurred claims and other insurance service expenses	-	(9,391,689)	-	(9,391,689)	-	(6,389,278)	-	(6,389,278)
Amortisation of insurance acquisition cash flows	(338,971)	-	-	(338,971)	(235,803)	-	-	(235,803)
Adjustments to liabilities for incurred claims	-	(193,405)	(9,976)	(203,381)	-	197,456	1,886	199,342
	(338,971)	**(9,585,094)**	**(9,976)**	**(9,934,041)**	**(235,803)**	**(6,191,822)**	**1,886**	**(6,425,739)**
Insurance service result	**11,225,972**	**(9,585,094)**	**(9,976)**	**1,630,902**	**7,891,793**	**(6,191,822)**	**1,886**	**1,701,857**
Effect of movements in exchange rates (Note 10)	33,192	-	-	33,192	(4,178)	-	-	(4,178)
Total changes in the statement of profit and loss	**33,192**	**-**	**-**	**33,192**	**(4,178)**	**-**	**-**	**(4,178)**
Cash flows								
Premiums received	(10,508,263)	-	-	(10,508,263)	(11,110,559)	-	-	(11,110,559)
Claims and other insurance service expenses paid	-	9,201,361	-	9,201,361	-	6,264,400	-	6,264,400
Insurance acquisition cash flows	305,978	-	-	305,978	265,203	-	-	265,203
Total cash flows	**(10,202,285)**	**9,201,361**	**-**	**(1,000,924)**	**(10,845,356)**	**6,264,400**	**-**	**(4,580,956)**
Closing liabilities	**(2,190,861)**	**(592,170)**	**(15,396)**	**(2,798,427)**	**(3,247,740)**	**(208,437)**	**(5,420)**	**(3,461,597)**

(ii) Reinsurance contracts held

Analysis by remaining coverage and incurred claims – Contracts measured under PAA

	2023				2022			
		Assets for incurred claims				Assets for incurred claims		
'000 KZT	**Assets for remaining coverage**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	**Assets for remaining coverage**	**Estimates of present value of future cash future**	**Risk adjustment for non-financial risk**	**Total**
Opening assets	**15,369**	**110,819**	**2,881**	**129,069**	**74,937**	**194,168**	**5,048**	**274,153**
Changes in the statement of profit and loss								
Allocation of premiums paid under reinsurance contracts held	**(1,148,258)**	**-**	**-**	**(1,148,258)**	**(1,534,687)**	**-**	**-**	**(1,534,687)**
Amounts recoverable from reinsurers								
Recoveries of incurred claims and other insurance service expenses	-	587,530	-	587,530	-	407,247	-	407,247
Adjustments to assets for incurred claims	-	183,184	5,906	189,090	-	(149,266)	(2,167)	(151,433)
	-	**770,714**	**5,906**	**776,620**	**-**	**257,981**	**(2,167)**	**255,814**
Net expenses from reinsurance contracts held	**(1,148,258)**	**770,714**	**5,906**	**(371,638)**	**(1,534,687)**	**257,981**	**(2,167)**	**(1,278,873)**
Total changes in the statement of profit and loss	**(1,148,258)**	**770,714**	**5,906**	**(371,638)**	**(1,534,687)**	**257,981**	**(2,167)**	**(1,278,873)**
Cash flows								
Premiums paid	720,974	-	-	720,974	1,475,119	-	-	1,475,119
Amounts received	-	(543,587)	-	(543,587)	-	(341,330)	-	(341,330)
Total cash flows	**720,974**	**(543,587)**	**-**	**177,387**	**1,475,119**	**(341,330)**	**-**	**1,133,789**
Closing assets	**-**	**-**	**-**	**-**	**15,369**	**110,819**	**2,881**	**129,069**
Closing liabilities	**(411,915)**	**337,946**	**8,787**	**(65,182)**	**-**	**-**	**-**	**-**

(b) Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts held, not measured under the PAA in the year.

(i) Insurance contracts

'000 KZT	2023	2022
Non- onerous contracts		
Claims and other insurance service expenses payable	7,954,206	1,304,959
Insurance acquisition cash flows	846,228	483,201
Estimates of present value of cash outflows	8,800,434	1,788,160
Estimates of present value of cash inflows	(14,377,859)	(3,244,240)
Risk adjustment for non-financial risk	49,094	11,971
CSM	5,528,331	1,444,109
Losses recognised on initial recognition	**-**	**-**

(c) Contractual service margin (CSM)

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for insurance contracts not measured under the PAA.

2023 '000 KZT	1 year or less	1-2 years	2-3 years	3-4 years	4 years	5-10 years	Total
Insurance contracts	1,444,979	1,145,682	1,023,067	896,910	743,204	885,904	**6,139,746**

2022 '000 KZT	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Insurance contracts	319,541	108,869	92,903	80,021	65,582	76,960	**743,876**

(d) Credit risk exposure – reinsurance contracts held

Below is presented exposure to credit risk from reinsurance contracts held:

'000 KZT	2023	2022 (restated)
Reinsurance contracts held		
Rated from Aa1 to Aa3	-	82,966
Rated from A1 to A3	-	42,674
Other	-	3,429
	-	**129,069**

(e) Significant judgements and estimates

(i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the amount of claims for each group, and maintenance and administration costs based on the earned premium during a period. Other costs are recognised in profit or loss as they are incurred.

Key provision assumptions

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

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

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the chain-ladder and Bornhuetter-Ferguson methods. These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company uses a "bottom-up" approach to determine discount rates.

To obtain discount rates using a "bottom-up" approach, the Company evaluates two components: a risk-free yield curve in tenge and an adjustment for illiquidity. The discount rates, which are subsequently used to discount cash flows in tenge, are estimated as the sum of these two components. The Company generally determines the risk-free rates for tenge using the observed historical parameters for a zero-coupon yield curve for Kazakhstani government securities. To calculate the illiquidity premium, the Company uses an approach based on the assessment of the risk factor premium, reflecting the exposure to illiquidity risk. This premium is assessed by removing the premium for time value of money and credit risk premium from the rate on illiquid debt instruments (corporate bank loans). Under this approach, it is assumed that the remaining component represents an illiquidity premium.

The tables below set out the yield curves used to discount the cash flows of insurance contracts:

	2023					**2022**				
	1 year	**2 years**	**3 years**	**4 years**	**5 years**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**
KZT	15.37%	14.19%	13.38%	12.83%	12.47%	16.21%	14.24%	12.79%	11.79%	11.74%

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using the following techniques:

- Liability for remaining coverage: Due to shortage of observations, the Company uses a risk adjustment percentage derived from stimulating the risk adjustment for LIC.
- Liability for incurred claims: Bootstrap method.

Methods considered above are based on a confidence level with a selected percentile value (the percentile value is determined by the Company and is generally 70%).

Due to insufficient data to determine risk adjustments for non-financial risk for the reinsurance contracts held, the Company applies the risk adjustment % obtained for the direct business.

The Bootstrap method is based on the simulation of loss triangles based on the observed actual loss increments for settlement periods, allows to obtain an empirical probabilistic distribution of cash flows and select the value of the risk adjustment with 70% confidence level.

(ii) Contractual service margin (CSM)

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period (see Note 3(b)(ix)).

The Company defines the quantity of benefits under a contract as the maximum amount of potential contractual benefits, which is also generally presented as the aggregate sum insured for all purely risky products, as contracts issued by the Company do not provide any services related to the receipt of investment income. Coverage units are calculated based on the maximum possible claims volume in each period. In modelling the coverage units, the Company considers the proportion of the calendar year in which the contract was in force and the expected reduction in the portfolio over time. The coverage units are reviewed and updated at each reporting date.

An analysis of the expected timing of the allocation of the CSM to profit or loss is disclosed in (c).

16 Other receivables

‘000 KZT	**2023**	**2022 (restated)**
Claims receivable for reinsurers	148,502	7,634
Receivables on recourse claims	110,125	7,884
	258,627	**15,518**
Impairment loss allowance	(30,000)	-
	228,627	**15,518**

As at 31 December 2023, other receivables in the amount of 137,643 thousand tenge belong to a counterparty with a credit rating of "Aa" (according to the credit agency A.M. Best). The remaining part of other receivables is related to counterparties with no credit rating (2022: other receivables are related to counterparties with no credit rating). As at 31 December 2023, other receivables in the amount of 228,627 thousand tenge belong to Stage 1 and 30,000 thousand tenge to Stage 3 of the credit risk level (2022: 15,518 thousand tenge are neither impaired nor past due).

17 Equity

(a) Share capital and additional paid-in capital

	31 December 2023	**31 December 2022**
Ordinary shares		
Authorised shares	260,000	180,000
Number of shares paid	260,000	176,500
Par value, KZT	10,000	10,000
Issued and fully paid	**2,600,000**	**1,765,000**
Preference shares		
Number of authorised shares	-	55,000
Number of placed shares	-	55,000
Par value, KZT	-	10,000
Issued and fully paid	**-**	**550,000**
Total share capital	**2,600,000**	**2,315,000**

According to the Resolution of the Shareholders No.1-2023 dated 31 May 2023, the Company converted preference shares to ordinary shares at a price of 1 ordinary share for 1 preference share of the Company.

According to the Resolution of the Board of Directors dated 29 August 2023, the Company placed 28,500 ordinary shares that were purchased by Bank CenterCredit JSC and Mr Choy Yuk Leung at the placing price of KZT 35,000 per share.

On 25 July 2022, the Board of Directors of the Company, based on the Minutes No.5-2022, made decision to place 55,000 ordinary shares at the placing prices of KZT 17,800 per one preference share. During 2022 no ordinary shares were placed.

(b) Capital management

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

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

As at 31 December 2023 and 31 December 2022 the Company complies with the solvency margin ratios, which are as follows:

‘000 KZT	**2023**	**2022**
Actual solvency margin	6,063,944	3,069,560
Minimum solvency margin	2,415,093	1,502,710
Solvency margin	**2.51**	**2.04**

(c) Dividends

In accordance with Kazakhstan legislation the Company’s distributable reserves are limited to the balance of retained earnings as recorded in the Company’s statutory financial statements prepared in accordance with IFRS Standards or profit for the year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company’s insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at 31 December 2023, total reserves available for distribution amounted to KZT 5,691,446 thousand (31 December 2022: KZT 2,713,058 thousand, restated).

During 2023 the Company neither declared nor paid dividends on ordinary shares (2022: dividends of KZT 176,500 thousand or KZT 1,000 per share were declared and paid on ordinary shares).

During the year ended 31 December 2023, dividends were declared on preferred shares in the amount of 11,830 thousand tenge for the results of January 2023 and 23,659 thousand tenge for the results of November-December 2022, or 645.25 tenge per share (2022: 35,489 thousand tenge or 645.25 tenge per share declared on preferred shares).

(d) Stabilisation reserve

In accordance with the Resolution of the Management Board of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organisations No.304 dated 26 December 2016 on approval of the “Requirements for the Formation, Methodology of Calculation of Insurance Reserves and their Structure, Forms and Deadlines for Submission of Reports in Insurance Reserves”, the Company is required to establish a stabilisation reserve for those insurance products that demonstrate loss rates subject to significant fluctuations during five preceding years. As at 31 December 2023, the stabilisation reserve is KZT 1,070 thousand (31 December 2022: nil).

18 Financial instrument risk management

Management of risk is fundamental to the Company’s business and forms an essential element of the Company’s operations. Market risk includes price risk, interest risk, currency risk, credit risk and liquidity risk are the main risks, the Company faces in the course of its business.

Risk management policies and procedures

The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, bank products and services offered and emerging best practice.

The Company's internal documentation valid as at 31 December 2023 and 31 December 2022, establishing the methodologies for identification and managing the Company's significant risks, and stress-testing of said risks, was approved by the authorised management bodies of the Company in accordance with requirements and recommendations issued by the NBKR.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board of the Company is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company operates within the established risk parameters.

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

Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a system of Credit Committees, Finance and Risk Management Committee (FRMC) and Risk Management Committee (FMC). In order to facilitate efficient and effective decision-making, the Company is accountable to a hierarchy of credit committees of the parent bank, depending on the type and amount of the exposure.

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

(a) Market risk

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

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

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

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

(i) Currency risk

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

Foreign currency transaction risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed by local management to be both practical and appropriate.

The Investment Committee performs currency risk management through management of open currency position, which enables the Company to minimise losses from significant fluctuations of exchange rates of national and foreign currencies.

The Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table shows the foreign currency exposure structure of financial assets and liabilities and insurance contracts and reinsurance contracts held as at 31 December 2023:

'000 KZT	**KZT**	**USD**	**EUR**	**Total**
Assets				
Cash and cash equivalents	17,932,840	100,514	753	**18,034,107**
Investment securities measured at fair value through profit or loss	317,027	-	-	**317,027**
Investment securities measured at fair value through other comprehensive income	642,845	6,185,801	190,688	**7,019,334**
Investment securities measured at amortised cost	1,050,839	-	-	**1,050,839**
Other receivables	217,767	8,616	2,244	**228,627**
Other financial assets	6,796	-	-	**6,796**
Total assets	**20,168,114**	**6,294,931**	**193,685**	**26,656,730**
Liabilities				
Insurance contracts liabilities	(16,030,327)	(418,160)	-	**(16,448,487)**
Reinsurance contracts held liabilities	(312)	(64,870)	-	**(65,182)**
Other financial liabilities	(28,253)	**-**	**-**	**(28,253)**
Total liabilities	**(16,058,892)**	**(483,030)**	**-**	**(16,541,922)**
Net position as at 31 December 2023	**4,109,222**	**5,811,901**	**193,685**	**10,114,808**

The following table shows the foreign currency exposure structure of financial assets and liabilities and insurance contracts and reinsurance contracts held as at 31 December 2022 (restated):

'000 KZT	**KZT**	**USD**	**EUR**	**Total**
Assets				
Cash and cash equivalents	3,315,423	226,138	8,093	**3,549,654**
Investment securities measured at fair value through profit or loss	215,764	-	-	**215,764**
Available-for-sale financial assets	464,454	4,984,540	179,293	**5,628,287**
Reinsurance contracts held assets	4,921	124,148	-	**129,069**
Other receivables	13,316	-	2,202	**15,518**
Other financial assets	3,191	-	-	**3,191**
Total assets	**4,017,069**	**5,334,826**	**189,588**	**9,541,483**
Liabilities				
Insurance contracts liabilities	(4,470,843)	(177,507)	**-**	**(4,648,350)**
Other financial liabilities	(47,926)	**-**	**-**	**(47,926)**
Total liabilities	**(4,518,769)**	**(177,507)**	**-**	**(4,696,276)**
Net position as at 31 December 2022	**(501,700)**	**5,157,319**	**189,588**	**4,845,207**

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2023 and 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2023		**2022**	
'000 KZT	**Net income**	**Equity**	**Net income**	**Equity**
20% appreciation of USD				
Insurance and reinsurance contracts	(77,285)	77,285	(8,537)	(8,537)
Financial assets and liabilities	1,007,189	1,007,189	833,708	833,708
20% appreciation of EUR				
Financial assets and liabilities	30,990	30,990	30,334	30,334

A strengthening of KZT against the above currencies at 31 December 2023 and 31 December 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

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

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

The Company's interest-sensitive instruments are as follows:

	2023			**2022**		
'000 KZT	**Fixed rate**	**Floating rate**	**Total**	**Fixed rate**	**Floating rate**	**Total**
Financial assets and liabilities						
Cash and cash equivalents	17,790,638	-	**17,790,638**	3,243,983	-	**3,243,983**
Investment securities measured at fair value – debt	4,730,805	2,288,529	**7,019,334**	3,264,302	2,363,985	**5,628,287**
Investment securities measured at amortised cost	1,050,839	-	**1,050,839**	-	-	**-**
Insurance contracts						
Liabilities	-	-	**(13,650,060)**	-	-	**(1,186,753)**

An analysis of sensitivity of the Company's financial assets to a 100-basis point (bp) increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below:

	2023		**2022**	
'000 KZT	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel rise				
Financial assets	(178,244)	(178,244)	(34,879)	(34,879)
100 bp parallel fall				
Financial assets	178,244	178,244	34,879	34,879

An analysis of sensitivity of the Company's insurance contracts to a 500-basis point (bp) increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below:

	2023		2022	
'000 KZT	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
500 bp parallel rise				
Insurance contracts	112,694	112,694	21,275	21,275
500 bp parallel fall				
Insurance contracts	(116,097)	(116,097)	(21,976)	(21,976)

The effects on profit or loss and equity are presented net of the related income tax.

An analysis of sensitivity of profit or loss and equity as a result of changes in the fair value of debt financial assets measured at fair value due to changes in the interest rates based on positions existing as at 31 December 2023 and 31 December 2022 and a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves using modified duration method is as follows:

	2023		2022	
'000 KZT	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel fall	-	859,835	-	659,152
100 bp parallel rise	-	(395,323)	-	(420,430)

(iii) Risk of price change in equity instruments

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

An analysis of sensitivity of profit or loss and equity to changes in securities prices based on positions existing as at 31 December 2023 and 31 December 2022 and a simplified scenario of a 5% decrease or increase in all securities prices is as follows: The analysis was made on a gross basis.

	2023		2022	
'000 KZT	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
5% increase in securities prices	15,851	-	10,788	-
5% decrease in securities prices	(15,851)	-	(10,788)	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a reinsurance contract or a financial instrument fails to meet its contractual obligations. The Company has policies and procedures in place to manage credit exposures, including guidelines to limit portfolio concentration. The credit policy is reviewed and approved by the Management Board. The Company's exposure is monitored on an ongoing basis.

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

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

'000 KZT	2023	2022 (restated)
ASSETS		
Cash and cash equivalents	18,030,366	3,548,822
Investment securities measured at fair value - debt	7,019,334	5,628,287
Investment securities measured at amortised cost	1,050,839	-
Reinsurance contracts held assets	-	129,069
Other receivables	228,627	15,518
Other financial assets	6,796	3,191
Total maximum exposure to credit risk	**26,335,962**	**9,324,887**

As at 31 December 2023 the Company has balances with two counterparties (31 December 2022: one counterparty), credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for these counterparties as at 31 December 2023 is KZT 16,789,651 thousand (31 December 2022: KZT 2,828,952 thousand).

Offsetting financial assets and financial liabilities

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

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

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

In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The table below shows financial assets subject to enforceable master netting arrangements and similar arrangements as at 31 December 2023:

'000 KZT	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	
		Financial instruments	Net amount
Types of financial assets			
Reverse repurchase agreements, securities borrowings and similar agreements	17,790,450	(17,790,450)	-

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

	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	
'000 KZT		**Financial instruments**	**Net amount**
Types of financial assets			
Reverse repurchase agreements and securities borrowings	2,828,952	(2,808,071)	20,881

(c) Liquidity risk

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

The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Management Board.

The following table provides a maturity analysis of the Company's liabilities under insurance and reinsurance contracts, which reflects the dates on which the cash inflows/outflows are expected to occur.

	Estimates of present value of future cash flows						
2023 '000 KZT	**1 year or less**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
Insurance and reinsurance contracts liabilities	5,943,607	2,787,371	2,397,685	2,015,706	1,608,986	1,760,314	**16,513,669**

	Estimates of present value of future cash flows						
2022 (restated) '000 KZT	**1 year or less**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
Insurance and reinsurance contracts liabilities	2,969,643	452,204	379,549	317,029	250,751	279,174	**4,648,350**

The remaining contractual maturity dates of financial liabilities of the Company as at 31 December 2023 and 31 December 2022 fall under category "1 year or less". The Company's undiscounted flows from financial liabilities do not differ significantly from their carrying amount.

19 Contingencies

(a) Litigation

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

(b) Taxation contingencies

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

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

20 Fair values of financial instruments

(a) Accounting classifications and fair values

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

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

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

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

The fair value of unquoted equity securities measured at fair value through other comprehensive income with a carrying value of KZT 19,630 thousand (2022: KZT 19,630 thousand) cannot be determined.

(b) Fair value hierarchy

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

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

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

The following table analyses the fair value of financial instruments, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2023:

'000 KZT	**Level 1**	**Total fair values**	**Total carrying amount**
Investment securities measured at fair value through profit or loss	297,397	297,397	297,397
Investment securities measured at fair value through other comprehensive income	7,019,334	7,019,334	7,019,334
Investment securities measured at amortised cost	1,046,357	1,046,357	1,046,357

The following table analyses the fair value of financial instruments, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2022:

'000 KZT	**Level 1**	**Total fair values**	**Total carrying amount**
Investment securities measured at fair value through profit or loss	196,134	196,134	196,134
Available-for-sale financial assets	5,628,287	5,628,287	5,628,287

During 2023 and 2022, there were no movements between levels in the fair value hierarchy.

As at 31 December 2023 and 31 December 2022, the fair value of financial assets and liabilities measured at amortised cost, other than investment securities, approximates to their carrying amount and categorised to Level 2 of fair value hierarchy.

21 Related party transactions

(a) Control relationship

As at 31 December 2023 the Company's Parent is Bank CenterCredit JSC (the "Parent Bank"). Mr B.R. Baiseitov is an ultimate controlling party of the Company (as at 31 December 2022: Mr Choy Yuk Leung). Publicly available financial statements are produced by the Parent Bank.

On 5 May 2023, the Bank CenterCredit JSC acquired a controlling block of voting shares of the Company. As a result of this transaction the Bank became an owner of 159,026 ordinary (voting) shares and 55,000 preference shares of the Company, which was equal to 90.1% of all ordinary (voting) shares and to 92.45% of all outstanding shares of the Company.

On 4 September 2023, the Bank converted 55,000 outstanding preference shares into the ordinary shares in the ratio of 1 to 1. As a result of the conversion, the total number of authorised ordinary shares increased up to 260,000, of which 231,500 ordinary shares were placed. After the conversion the Bank owned 214,026 ordinary (voting) shares of the Company, which was equal to 92.45% of all ordinary shares and to 92.45% of all outstanding shares.

On 27 October 2023, the Bank exercised its right of first refusal to purchase, as a result, 26,344 ordinary shares were placed. After the placement, the Bank's total share amounted to 240,370 ordinary shares, which is equal to 92.45% of all ordinary (voting) shares and 92.45% of all outstanding shares.

On 31 October 2023, Mr Choy Yuk Leung exercised his right of first refusal to purchase, as a result, 2,156 ordinary shares were placed. After the placement, Mr Choy Yuk Leung owns 19,630 ordinary (voting) shares, which is equal to 7.55% of all ordinary shares and to 7.55% of all outstanding shares.

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

Total remuneration included in personnel expenses for the years ended 31 December 2023 and 31 December 2022 is as follows:

'000 KZT	2023	2022
Members of the Board of Directors and the Management Board	134,898	53,117

During 2023 and 2022 the Company has no significant transactions with the members of the Board of Directors and Management Board.

(c) Other related party transaction

Other related parties include the Parent Bank and other companies under common control. The outstanding balances and the related average effective interest rates as at 31 December 2023 and related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows:

'000 KZT	Parent Company	Average interest rate, %	Other	Total
Assets				
Cash and cash equivalents				
- in KZT	54,621	14.5	2,124	56,745
- in USD	7,095	-	-	7,095
Investment securities measured at fair value through profit or loss	297,397	-	-	297,397
Other assets	7,849	-	-	7,849
Liabilities				
Other liabilities	-	-	15,584	15,584
Profit/(loss)				
Interest income calculated using effective interest rate method	112,434	-	-	112,434
Other investment income	101,263	-	-	101,263
Other operating expenses	1,258	-	51,547	52,805
Cash flows				
Premiums received	198,148	-	803,021	1,001,169
Claims paid	396,147	-	370,430	766,577
Fee and commission payments	635,319	-	-	635,319
Commitments				
Total aggregate exposures*	2,887,982	-	9,804,347	12,692,329

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

All related party insurance contracts in 2023 and 2022 were entered into on an arm's length basis.

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

'000 KZT	Shareholder	Average interest rate, %	Other	Total
Cash flows				
Premiums received	-	-	70,713	70,713
Claims paid	-	-	303,502	303,502
Commitments				
Total aggregate exposures*	-	-	2,921,183	2,921,183

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

22 Subsequent events

On August 15, 2024, the Board of Directors of the Company, based on minute №1-2024, decided to place 55,000 preferred shares at a placement price of 36,000 tenge per preferred share.