“KazakhExport” Export Insurance Company JSC

Financial Statements
for the year ended
31 December 2022

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Independent Auditor's Report

To the Sole Shareholder and the Board of Directors of Export Insurance Company KazakhExport JSC:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Export Insurance Company KazakhExport JSC (the "Company") as at 31 December 2022, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the financial statements.

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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 International Financial Reporting 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.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP.

Approved by:

Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)

Signed by:

Aigul Akhmetova
Audit Partner
Auditor in charge
(Qualified Auditor's Certificate №0000083 dated 27 August 2012)

28 February 2023

Almaty, Kazakhstan

	Note	2022 KZT’000	2021 KZT’000
Gross insurance premiums written	5	7,960,835	6,839,244
Written insurance premiums ceded to reinsurers	5	(349,836)	(1,195,429)
Net insurance premiums written		**7,610,999**	**5,643,815**
Change in the gross provision for unearned premiums	5	(3,365,958)	(3,343,158)
Reinsurers’ share of change in the gross provision for unearned premiums	5	(254,971)	1,123,671
Net earned insurance premiums		**3,990,070**	**3,424,328**
Claims paid	6	(8,085,986)	(2,476,145)
Reimbursement from recourse claims	6	2,982,887	1,371,934
Reimbursement for risks ceded for reinsurance	6	172,460	
Change in gross claim provisions	6	(8,390,949)	(7,202,168)
Change in reinsurers’ share in insurance contract provisions	6	36,244	(56,934)
Net claims incurred		**(13,285,344)**	**(8,363,313)**
Interest income calculated using the effective interest rate method	7	12,663,591	8,881,629
Other interest income	7	72,585	60,169
Interest expense	7	-	(20,769)
Net gain from change in fair value of investment securities measured at fair value through profit or loss		40,995	55,081
Realised loss from change in fair value of investment securities measured at fair value through other comprehensive income		(29,314)	-
Net foreign exchange gain		2,324,209	718,849
Net fee and commission income		56,661	13,643
General administrative expenses	8	(2,633,892)	(2,150,084)
Impairment losses/ gains from reversal of impairment of financial assets and other transactions		(97,931)	16,619
Other operating expense, net		(109,133)	(304,138)
Profit before income tax		**2,992,497**	**2,332,014**
Income tax expense	9	(720,352)	(320,023)
Profit for the year		**2,272,145**	**2,011,991**
Other comprehensive income, net of income tax			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in fair value reserve:			
- Net change in fair value		(2,092,723)	464,519
- Net change in fair value transferred to profit or loss		24,168	1,704
Other comprehensive income for the year, net of income tax		**(2,068,555)**	**466,223**
Total comprehensive income for the year		**203,590**	**2,478,214**

The financial statements as set out on pages 6 to 59 were approved by the Management Board on 28 February 2022 and were signed on its behalf by:

O. R. Zhaksybayev
Acting Chairman of the Management Board

Zh. K. Sartkozhinova
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.

	Note	2022 KZT'000	2021 KZT'000
ASSETS			
Cash and cash equivalents	10	71,878,037	14,657,355
Placements with banks	11	22,324,599	59,859,106
Investment securities:			
- measured at fair value through other comprehensive income	12	25,201,794	35,166,389
- measured at amortised cost	12	18,210,256	22,803,125
- measured at fair value through profit or loss	12	808,847	775,185
Insurance and reinsurance receivables	13	8,847,236	3,372,039
Reinsurers' share in insurance contract provisions	14	1,099,037	1,317,764
Property and equipment		113,379	116,968
Current tax asset		349,716	837,619
Deferred tax assets	9	82,192	40,090
Other assets		931,195	452,243
Total assets		**149,846,288**	**139,397,883**
LIABILITIES			
Insurance contract provisions	14	35,302,393	23,545,486
Insurance and reinsurance payables		884,636	1,201,876
Other liabilities		650,120	436,579
Total liabilities		**36,837,149**	**25,183,941**
EQUITY			
Share capital	15(a)	105,100,000	105,100,000
Additional paid-in capital		732,819	732,819
Stabilisation reserve	15(e)	136,042	240,259
Provision for unexpected risks	15(d)	11,097,425	14,941,834
Provision for changes in the fair value of securities through other comprehensive income		(3,127,444)	(1,058,889)
Accumulated loss		(929,703)	(5,742,081)
Total equity		**113,009,139**	**114,213,942**
Total liabilities and equity		**149,846,288**	**139,397,883**

The Statement of Financial Position is to be read in conjunction with the Notes to, and forming part of, the Financial Statements.

	2022 KZT’000	2021 KZT’000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**2,992,497**	**2,332,014**
Adjustments for:		
Change in insurance contract provisions, less reinsurers’ share	11,975,634	9,478,590
Depreciation and amortisation	76,023	50,337
Interest expense	-	20,599
Reversal of impairment loss/(impairment loss) on debt financial assets	97,931	(16,619)
Net gain from change in fair value of investment securities measured at fair value through profit or loss	(40,995)	(55,081)
Realised gain from change in fair value of investment securities measured at fair value through other comprehensive income	29,314	-
Interest income calculated using the effective interest rate method	(12,663,590)	(8,881,416)
Other interest income	(72,585)	(60,169)
Unrealised foreign exchange difference	(2,324,209)	(718,849)
Provision for receivables on recourse	5,103,098	-
Expense/income from the sale of securities	68,522	-
Cash flows from operating activities before changes in operating assets and liabilities	**5,241,640**	**2,149,406**
(Increase)/decrease in operating assets		
Placements with banks	36,989,617	4,521,987
Insurance and reinsurance receivables	(10,678,318)	(1,551,314)
Other assets	(416,250)	(230,223)
Increase/(decrease) in operating liabilities		
Insurance and reinsurance payables	(313,721)	1,174,347
Other liabilities	212,652	107,870
Net cash flows from/(used in) operating activities before interest received and income tax paid	**31,035,620**	**6,172,073**
Income taxes paid	-	(694,859)
Interest income received	11,269,535	6,979,029
Cash flows from/(used in) operating activities	**42,305,155**	**12,456,243**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from repayment of investment securities	24,807,440	33,634,516
Proceeds from sale of investment securities	11,552,761	
Acquisition of debt securities	(22,019,513)	(43,434,916)
Acquisition of property and equipment and intangible assets	(131,436)	(18,317)
Cash flows used in investing activities	**14,209,252**	**(9,818,717)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	**-**	5,000,000
Loan repayment	**-**	(92,460)
Dividends paid	(1,408,393)	(2,704,733)
Cash flows from financing activities	**(1,408,393)**	**2,202,807**
Net increase/(decrease) in cash and cash equivalents	**55,106,014**	**4,840,333**
Effect of changes in exchange rates on cash and cash equivalents	2,114,668	37,700
Cash and cash equivalents at the beginning of the year	**14,657,355**	**9,779,322**
Cash and cash equivalents at the end of the year (Note 10)	**71,878,037**	**14,657,355**

The Statement of Cash Flows is to be read in conjunction with the Notes to, and forming part of, the Financial Statements.

KZT'000	**Share capital**	**Additional paid-in capital**	**Stabilisation reserve**	**Provision for unexpected risks**	**Movement in fair value reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2022	105,100,000	732,819	240,259	14,941,834	(1,058,889)	(5,742,081)	114,213,942
Total comprehensive income	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	2,272,145	2,272,145
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value	-	-	-	-	(2,068,555)	-	(2,068,555)
Total other comprehensive income	-	-	-	-	(2,068,555)	2,272,145	203,590
Total comprehensive income for the year	-	-	-	-	**(2,068,555)**	**2,272,145**	**203,590**
Transactions with owners recorded directly in equity							
Issue of shares							
Dividends paid (Note 15 (c))	-	-	-	-	-	(1,408,393)	(1,408,393)
Transfer to provision for unexpected risks (Note 15(d))	-	-	-	(3,844,409)	-	3,844,409	-
Transfer to stabilisation reserve (Note 15 (e))	-	-	(104,217)	-	-	104,217	-
Total transactions with owners	-	-	**(104,217)**	**(3,844,409)**	-	**2,540,233**	**(1,408,393)**
Balance at 31 December 2022	**105,100,000**	**732,819**	**136,042**	**11,097,425**	**(3,127,444)**	**(929,703)**	**113,009,139**

The Statement of Changes in Equity is to be read in conjunction with the Notes to, and forming part of, the Financial Statements.

KZT'000	**Share capital**	**Additional paid-in capital**	**Stabilisation reserve**	**Provision for unexpected risks**	**Movement in fair value reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2021	100,100,000	732,819	90,508	7,544,808	(1,525,112)	2,497,438	109,440,461
Total comprehensive income							
Profit for the year	-	-	-	-	-	2,011,991	2,011,991
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value	-	-	-	-	466,223	-	466,223
Total other comprehensive income	-	-	-	-	466,223	-	466,223
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**466,223**	**2,011,991**	**2,478,214**
Transactions with owners recorded directly in equity							
Issue of shares	5,000,000	-	-	-	-	-	5,000,000
Dividends paid (Note 15 (c))	-	-	-	-	-	(2,704,733)	(2,704,733)
Transfer to provision for unexpected risks (Note 15(d))	-	-	-	7,397,026	-	(7,397,026)	-
Transfer to stabilisation reserve (Note 15 (e))	-	-	149,751	-	-	(149,751)	-
Total transactions with owners	**5,000,000**	**-**	**149,751**	**7,397,026**	**-**	**(10,251,510)**	**2,295,267**
Balance at 31 December 2021	**105,100,000**	**732,819**	**240,259**	**14,941,834**	**(1,058,889)**	**(5,742,081)**	**114,213,942**

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) Organisational structure and activities

"KazakhExport" Export Insurance Company JSC (hereinafter, the "Company") is a joint-stock company incorporated in 2003 in the Republic of Kazakhstan in accordance with the Kazakhstan legislation.

The Company holds a license to conduct insurance and reinsurance activity No.2.1.13 dated 24 November 2022 issued by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial market (the "ARDFM"). The license enables the Company to conduct:

1. the voluntary insurance activities:

1) insurance of guarantees and sureties;
2) insurance against other financial losses;
3) insurance of the financial organisations' losses, except for the insurance classes specified in sub-paragraphs 13), 14), 15) and 16) of paragraph 3, Article 6 of the Law of the Republic of Kazakhstan "On Insurance Activity";
4) loan insurance;
5) civil liability insurance, except for the classes specified in sub-paragraphs 9),10),11),11-1 and 11-2) of paragraph 3, Article 6 of the Law of the Republic of Kazakhstan "On Insurance Activity"; and

2. reinsurance activities.

The areas of the Company's strategic development comprise further improvement of the instruments to support export, create conditions to increase a number of exporters and enhance the operating efficiency.

The Company's registered office and place of business is: 55A Mangilik El Avenue, Nur-Sultan, Republic of Kazakhstan, Z05T2H3.

(b) Shareholder

As at 31 December 2022 and 31 December 2021, National Management Holding "Baiterek" JSC hereinafter referred to as the "Parent Company" owns 100% of the outstanding shares. The Company's ultimate shareholder is the Government of the Republic of Kazakhstan. Under the Contract of Share Transfer No.299-и dated 29 May 2013, the Company's holding of shares was transferred under trust management to National Management Holding "Baiterek" JSC. National Management Holding "Baiterek" JSC was established in accordance with the Decree of the President of the Republic of Kazakhstan dated 22 May 2013, No.571 "On Certain Measures for Optimisation of the System of Management of the Development Institutions, Financial Organisations and Development of the National Economy."

As at 31 December 2022 the number of employees of the Company was 100 (2021: 98 employees).

(c) Kazakhstan business environment

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the national currency that is not freely convertible outside of the country and a low level of liquidity of the securities market. High inflation, volatility of exchange rate has caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

Based on the results of 2022, the annual inflation rate was 20.3% that was formed within the projection range of 20-21% (2021: inflation rate - 8.4%). As part of annual inflation, prices for food and non-food products continue to show the major growth. The inflation of fee-based services remained unchanged, with declining rents for comfortable and well-furnished accomodation and suppressed growth in prices for regulated services. At the same time, the stable part of inflation still remains high, which is indicative of the continuing pro-inflationary environment.

Inflationary expectations continue to show growing pace. In December 2022, their value made new highs, amounting to 21.3%. The growth of inflationary expectations of the population is associated with changes in food prices, external events and changes in prices for fuel and lubricants. High and volatile inflation expectations could lead to stronger inflation growth and its slower decline in the future.

In 2022, changes in the geopolitical situation and unfavorable conditions in global financial markets had an adverse impact on the dynamics of the national currency. After weakening of Tenge to 512.17 per US Dollar in March 2022, Tenge has appreciated to 414.79 in May of the same year. At the end of the year, Tenge depreciated against the US Dollar by 7.1% to 462.66 per US Dollar.

On 2 December 2022, the international rating agency Fitch Ratings confirmed the sovereign credit rating of the Republic of Kazakhstan at 'BBB', with a Stable outlook.

According to the National Bank of the Republic of Kazakhstan (the "NB RK"), the key factor in maintaining the credit rating of Kazakhstan is still a strong fiscal position and substantial external reserves, which contributed to the resilience to the external shocks.

2 Basis of accounting

(a) Statement of compliance

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

(b) Use of estimates and judgments

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

(c) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and at fair value through other comprehensive income are stated at fair value.

(d) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company and the Company's presentation currency, is the national currency of Kazakhstan, Kazakhstani Tenge ('Tenge').

3 Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these financial statements.

(a) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument exactly to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and amounts paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated at initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross carrying value basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see 3(b)(iv).

Presentation of information

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at fair value through other comprehensive income.

Other interest income presented in the statement of profit or loss and other comprehensive income includes interest income on non-derivative debt financial instruments measured at fair value through profit or loss.

Interest expenses presented in the statement of profit or loss and other comprehensive income include:

- interest expense on financial liabilities measured at amortised cost.

(b) Financial assets and financial liabilities

(i) Classification

At initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or far value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not classified by the Company as that measured 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 by the Company 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 income calculated using the effective interest method;
- expected credit losses (ECL) and their 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, at 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 its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose 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.

Held-to-maturity financial assets are held in order to collect contractual cash flows. Currently, when managing a portfolio of financial assets, when acquiring securities with a maturity of up to 2 years and deposits, aimed to provide financial support for exporters, are classified as "held to collect the contractual cash flows". At the same time, securities with similar characteristics can be attributed to any other business model to depending on the market state and the conditions for the release of securities.

The financial assets available-for-sale are held in order to collect contractual cash flows and to sell an asset. Given the activities of the Company, in the management of the portfolio of securities with a maturity of more than 2 years, the Company attributes them to the business model as "held to collect the contractual cash flows and/or to sell", in order to make possible payments for insurance cases by selling securities.

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

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

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(ii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

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

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as ‘substantial modification’), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, if the loan contract entitles the Company to do so.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In making this evaluation the Company analogises to the guidance on the derecognition of financial liabilities.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Company further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting difference as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iv) Impairment

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments:

- financial assets measured at amortised cost (including cash and cash equivalent, placements with banks, investment securities measured at amortised cost, other financial assets);
- debt financial assets measured at fair value through other comprehensive income.

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 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime 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).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Company will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, the internal/external rating is determined to have decreased by more than two (or more) grades since initial recognition.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Absence of the issuer's rating at the date of security recognition or at the reporting date is not a criterion for a significant increase in credit risk or impairment.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on relevant external credit risk grade of Standard&Poor's, Fitch Ratings, Moody's Investors Services that is determined to be predictive of the risk of default.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the counterparty or the issuer. Exposures are subject to ongoing monitoring, which includes, without limitation, the analysis of the following data:

- information obtained during periodic review of counterparty files – e.g. audited financial statements;
- data from credit reference agencies, press articles, changes in external credit ratings;
- actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities;
- payment record – this includes overdue status.
- existing and forecast changes in business, financial and economic conditions.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt (other financial assets) is credit-impaired, the Company considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness;
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of expected credit losses

ECL is a probability-weighted estimate of credit losses. It is 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 ECL are the term structure of the following variables:

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

These parameters are generally derived from Standard&Poor's and Moody's studies. They will be adjusted to reflect forward-looking information as described below.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by credit risk grading. The Company also uses information from external credit rating agencies.

The Company analyses data obtained to estimate the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes determination and calibration of relationships between changes in the level of defaults and changes in key macroeconomic factors as well as detailed analysis of impact of some other factors on risk of default. Management believes that for the majority of credit risk exposures, the key macroeconomic indicators will be the GDP growth.

The Company uses expert judgment in assessment of forward-looking information. This assessment is also based on external information. The Company then uses these forecasts to adjust its estimates of PDs.

Definition of default

The Company considers a financial asset to be in default when:

- the counterparty is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the counterparty is more than 90 days past due on credit obligation to the Company.
- it is becoming probable that the counterparty will restructure the asset as a result of bankruptcy due to the counterparty’s inability to pay its obligations.

In assessing whether a borrower is in default, the Company considers quantitative indicators e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Assessment of PD, LGD and EAD

External data of Moody’s studies over a considerable period (e.g. average historical PD values over the period between 1984 and 2021) are used by the Company 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 depending on the type of counterparty.

The Company conducts an individual assessment for exposures designated at Stage 3 or credit-impaired assets. An individual assessment is expressed in the analysis of the expected cash flows, which can be estimated taking into account the cash flows of the operating activities of the counterparty. For financial assets designated as stages 1 and 2, the following 3 categories of LGD are considered:

- LGD is close to 0%, if the government acts as a counterparty;
- LGD is 70%, if the Kazakhstani bank acts as a counterparty; and
- for other counterparties, LGD is calculated based on Moody’s recovery studies according to the external rating of a counterparty. LGD parameters are to be recalculated as far as revised studies are available (generally, on an annual basis).

EAD represents the expected exposure as at the date of 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.

	Exposure at		**External benchmarks used**	
KZT’000	**31 December 2022**	**31 December 2021**	**PD**	**LGD**
Cash and cash equivalents	71,878,037	14,657,355	S&P default study 2022 Moody’s default study 2021	Moody’s recovery studies/for positions within Kazakhstan, LGD is based on historical recoveries from defaulted financial institutions
Placements with banks	22,324,599	59,859,106		
Investment securities, measured at fair value through other comprehensive income	25,201,794	35,166,389		
Investment securities, measured at amortised cost	18,210,256	22,803,125		

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost:* as a deduction from the gross carrying amount of the assets;
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of their recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on debt financial assets’ in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(c) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at 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 remuneration accrued at the effective rate and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical costs are transferred to the functional currencies at exchange rates at the date of transactions.

(d) Insurance contracts

(i) Classification of contracts

Contracts under which the Company accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the "insured event") adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is the risk other than financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk. Insurance contracts may also transfer some financial risk.

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

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

(ii) Recognition and measurement of insurance contracts

Premiums

General insurance premiums written comprise the insurance premiums on contracts entered into during the current year, irrespective of whether they relate in whole or in part to the later reporting period. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance service received. The portion of outward reinsurance premiums not recognised is treated as a prepayment.

Provision for unearned premiums

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

Claims

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

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

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

(iii) Outward reinsurance assets

The Company cedes a part of insurance and inward reinsurance risks in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks. Assets, liabilities, income and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

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

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of ceded reinsurance premiums is included in reinsurance assets.

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

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

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

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

(iv) Insurance acquisition costs

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

Insurance acquisition costs are expensed as incurred.

(v) Liability adequacy test

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

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

(vi) Insurance receivables and payables

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

(e) Cash and cash equivalents

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

(f) Placements with banks

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

(g) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

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

(h) Impairment of non-financial assets

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

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

(i) Provisions

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

(ii) Depreciation

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

Machinery and equipment	3-4 years;
Vehicles	5 years;
Intangible assets	3 years.

(j) Share capital

○ ***(i) Ordinary shares***

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

○ ***(ii) Repurchase of share capital***

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

○ ***(iii) Dividends***

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

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

(k) Taxation

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

Current tax

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

Deferred tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

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

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

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

(l) Leases

At the moment of concluding a contract, the Company determines whether the whole contract or its components represent a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not made at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the lease commencement date;
- amounts that are expected to be paid by the lessee under the residual value guarantee;
- the price for the exercise of a purchase option, if there is reasonable certainty that the Company will exercise the option, lease payments during the additional lease period arising due to the option for the lease extension, if there is reasonable certainty that the Company will exercise the option for the lease extension and early termination penalties, unless there is reasonable certainty that the Company will not terminate the lease in advance.

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

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

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets in respect to the Company's assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

During the years ended 31 December 2022 and 31 December 2021 the Company did not act as a lessor.

(m) Standards that entered into force from January 1, 2022

The following amendments became effective on January 1, 2022:

- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the amendments had no significant impact on the Company's financial statements.

(n) Standards issued but not yet effective

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2022 or later, and which the Company has not early adopted.

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The work on introducing IFRS 17 in the Company is in progress now.

The service provider provided models for calculating liabilities for the remaining LRC coverage, for LIC incurred losses, for the distribution of the PAA premium, calculation of liabilities for the remaining coverage according to the general GMM assessment model, models for calculating the risk adjustment for non-financial risk.

Efforts are now underway to describe the methods taking into account the specifics of the Company in the following categories: classification of contracts, boundaries of insurance contracts, level of aggregation, discount rate, significant insurance risk, segregation and consolidation of insurance contracts, division of non-insurance components, distribution of expenses.

For the practical part, a checklist was created for a contract/group of insurance contracts to determine: classification of an insurance contract, analysis of the significance of insurance risk, the presence of an investment component, the presence of an embedded derivative, the presence of a service component, analysis of their separability, determination of the boundaries of the contract.

Work has been undertaken to assess PD, LGD: the Company's current practices for measuring PD, LGD and provisions for credit losses were analysed, statistics on defaults were analysed, options for potential methods for calculating PD were proposed.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements. The quantitative effect of the implementation of IFRS 17 has not been assessed.

4 Insurance risk management

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

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

The Company's management of insurance is a critical aspect of the business.

The primary insurance and reinsurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to financial or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The theory of probability is applied to the pricing and provisioning for insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

(i) Underwriting strategy

The Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome.

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. Currently, the main importing countries are Uzbekistan, Tajikistan, Kyrgyzstan, Azerbaijan, Russia.

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

Adherence to the underwriting authorities is being monitored by management on an on-going basis. Those transactions requiring special authorisation are subject to consideration and approval by 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 ensure financial stability. The Company buys facultative and obligatory based reinsurance to reduce the net exposure and not to exceed the actual margin of solvency.

Ceded reinsurance contains credit risk, and such reinsurance recoveries are reported after deductions for provisions and uncollectible items. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company monitors the financial and credit rating of reinsurers on a monthly basis, and also analyses financial soundness of reinsurers on a quarterly and annual basis.

The Company does not utilise any stop-loss reinsurance to control its risk of losses resulting from one-off event.

o **(b) Terms and conditions of insurance and reinsurance 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.

(iii) Insurance contracts – Insurance against other financial loss

Product features

Insurance against other financial loss protects the property interest of an exporter related to contract execution by a foreign counterparty-importer.

Covered risks:

Insured political events:

- acts of the governmental authority of the country of transit or the country of destination of delivery of the Kazakhstani goods, works, services, or the country of the foreign counterparty on expropriation, confiscation, restriction of ownership rights to the goods, works, services, the result of the work performed owned by the exporter;

- contingency actions of the governmental authority of the country of destination of delivery of the Kazakhstani goods, works, services restricting or prohibiting delivery of the goods, performance of works, provision of services;
- war, civil commotion, mass riots outside the Republic of Kazakhstan, preventing the execution of obligations under the contract insured;
- contingency actions of the governmental authority in the country of the foreign counterparty restricting or prohibiting the conversion into a freely convertible currency and/or transfer of payment.

Insured commercial events:

- bankruptcy of the foreign counterparty;
- default on financial obligations under the contract by the foreign counterparty.

Risk assessment

The risk assessment is based on the specific character of the transaction, which the exporter is willing to insure. The Company's risk assessment comprises two components: assessment of political or country risks and assessment of commercial risks. The projects are assessed on the basis of a country's (political) risk and the risk related to trustworthiness of a counterparty abroad.

Commercial risk assessment

The Company assesses separately each transaction to determine the trustworthiness of a buyer. The Company, in assessment of the commercial risks, is based on assessment of the buyer's country, industry, market position and financial position.

Risk assessment

The Company assesses the country risks according to the list of countries and classification of countries by the risk level published by the Organisation for Economic Cooperation and Development (OECD). This list also contains recommendations for the export credit agencies of the OECD countries on the premium rates depending on the insurance period by country categories.

(ii) Insurance contracts – Insurance of loans

Product features

Insurance of loans protects the property interest of a credit organisation related to the obligations of an exporting entity (borrower) to reimburse, in accordance with the procedure set by the legislation and loan agreement, the losses incurred as a result of non-fulfilment (improper fulfillment) of liabilities under a loan agreement.

Covered risks:

Insured political events:

- war, civil commotion, mass riots inside and outside the Republic of Kazakhstan, preventing the execution of obligations under the loan contract;
- contingency actions of the governmental authority restricting or prohibiting the conversion into a freely convertible currency and/or transfer of payment.

Insured commercial events:

- Non-fulfilment (improper fulfillment) by a policyholder of monetary obligations according to the terms and conditions of a loan contract;
- Bankruptcy of a policyholder.

Risk management

The risk assessment is based on the adequate assessment of a borrower, its financial position, assessment of political or country risks and commercial risks. The projects are assessed on the basis of a borrower's credit risk related to its paying capacity and factors that may affect it.

(iii) Insurance contracts – Insurance against losses of financial organisations

Product features

Insurance against losses of financial organisations protects the property interest of a credit organisation related to the obligations of an exporting entity (borrower) to reimburse, in accordance with the procedure set by the legislation and loan agreement, the losses incurred as a result of non-fulfilment (improper fulfillment) of liabilities under a loan agreement, bank guarantee, letter of credits. Term currency transactions as part of the foreign currency contract.

Covered risks:

Insured political events:

- contingency actions of the governmental authority restricting or prohibiting the conversion into a freely convertible currency and/or transfer of payment, as a result of which the Exporter is unable to fulfill its financial liabilities to the Policyholder under the Contract of Provisions of Financial Services to the Exporter;

Insured commercial events:

- non-performance (improper performance) by the exporter of its commitments to repay the Principal Debt under the Loan Agreement;
- non-performance (improper performance) by the exporter of its financial liabilities under a Bank Guarantee issued by a financial organisation under the obligations of the Exporter under the Guarantee Agreement;
- non-performance (improper performance) by the exporter of its financial liabilities under a letter of credit issued by an issuing bank on the obligations of the Exporter under the Contract on the provision of a letter of credit;
- non-performance (improper performance) by the exporter of its obligations under the Term Currency Transaction as part of the Foreign Currency Contract;
- bankruptcy of the Policyholder.

Risk management

The risk assessment is based on the adequate assessment of a borrower, its financial position, assessment of political or country risks and commercial risks. The projects are assessed on the basis of a borrower's credit risk related to its paying capacity and factors that may affect it.

(iv) Reinsurance contracts – General civil liability

The Company undertakes general civil liability insurance on compulsory and voluntary types of insurance in the Republic of Kazakhstan.

Risk management

The risk assessment is based on the specific character of the transaction, which the exporter is willing to insure. The Company's risk assessment comprises two components: assessment of political or country risks and assessment of commercial risks. The projects are assessed on the basis of a country's (political) risk and the risk related to trustworthiness of a counterparty abroad.

○ **(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 of damage and low frequency events, such as natural disasters and in situations where underwriting is biased towards a particular group, such as a particular geography or demographic trend.

The Company’s key methods in managing these risks are two-fold. Firstly, the risk is managed through appropriate underwriting. Underwriters are not permitted to underwrite risks unless the expected profits are commensurate with the risks assumed.

Secondly, the risk is managed through the use of reinsurance. The Company purchases reinsurance coverage for various classes of its liability and property business. The Company assesses the costs and benefits associated with the reinsurance programme on an ongoing basis.

(d) Total aggregate exposures

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

As at 31 December 2022 the Company had 129 insurance agreements that were in force (31 December 2021: 167 insurance contracts).

Exposure to various business lines

The key concentration identified as at 31 December 2022 is as follows:

Insurance type	Total insured amount KZT’000	Reinsurance amount KZT’000	Net retention (after reinsurance) KZT’000
Voluntary insurance			
General civil liability	9,878,688	-	9,878,688
Insurance against other financial losses	69,333,053	(18,623,614)	50,709,439
Loan insurance	291,947,910	(23,162,600)	268,785,310
Other voluntary insurance	22,561,165	(7,814,809)	14,746,356
Total	**393,720,816**	**(49,601,023)**	**344,119,793**

The key concentration identified as at 31 December 2021 is as follows:

Insurance type	Total insured amount KZT’000	Reinsurance amount KZT’000	Net retention (after reinsurance) KZT’000
Voluntary insurance			
General civil liability	11,839,581	-	11,839,581
Insurance against other financial losses	51,564,231	(9,288,547)	42,275,684
Loan insurance	231,370,481	(22,406,600)	208,963,881
Other voluntary insurance	15,644,901	(2,106,188)	13,538,713
Total	**310,419,194**	**(33,801,335)**	**276,617,859**

(e) Claims development

The Company uses statistical methods for insurance contract provisioning. Uncertainty about the amount and timing of claims payment for all insurance contracts is typically resolved within one year. In December 2021, the portfolio under the insurance class “class of insurance of employees against industrial accidents” was transferred to another insurance company.

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

Analysis of claims development for 2022 (gross) – total

			Accident year						
KZT’000	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of cumulative claims									
At the end of accident year	429,562	1,419,905	935,210	297,850	1,943,018	4,900,313	4,798,867	15,162,241	15,162,241
- one year later	285,243	1,934,327	1,003,008	520,009	2,087,545	10,514,639	8,658,105	-	8,658,105
- two years later	206,683	2,055,213	1,246,757	392,134	1,698,265	9,663,249	-	-	9,663,249
- three years later	255,457	2,200,925	1,051,914	335,344	1,411,544	-	-	-	1,411,544
- four years later	472,214	2,082,347	1,027,394	54,058	-	-	-	-	54,058
- five years later	366,822	2,085,274	746,108	-	-	-	-	-	746,108
- six years later	369,750	1,803,988	-	-	-	-	-	-	1,803,988
- seven years later	88,464	-	-	-	-	-	-	-	88,464
Estimate of cumulative claims as at 31 December 2022	**88,464**	**1,803,988**	**746,108**	**54,058**	**1,411,544**	**9,663,249**	**8,658,105**	**15,162,241**	**37,587,757**
Cumulative payments as at 31 December 2022	88,464	1,803,988	746,108	54,058	1,411,544	2,473,628	6,300,897	1,787,581	14,666,268
Gross outstanding claims on liabilities as at 31 December 2022	**-**	**-**	**-**	**-**	**-**	**7,189,621**	**2,357,208**	**13,374,660**	**22,921,489**

Analysis of claims development for 2021 (gross) – total

			Accident year						
KZT'000	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of cumulative claims									
At the end of accident year	287,453	429,562	1,419,905	935,210	297,850	1,943,018	4,900,313	4,798,867	4,798,867
- one year later	289,674	285,243	1,934,327	1,003,008	520,009	2,087,545	10,514,639	-	10,514,639
- two years later	273,674	206,683	2,055,213	1,246,757	392,134	1,698,265	-	-	1,698,265
- three years later	293,618	255,457	2,200,925	1,051,914	335,344	-	-	-	335,344
- four years later	383,563	472,214	2,082,347	1,027,394	-	-	-	-	1,027,394
- five years later	601,266	366,822	2,085,274	-	-	-	-	-	2,085,274
- six years later	504,180	369,750	-	-	-	-	-	-	369,750
- seven years later	512,397	-	-	-	-	-	-	-	512,397
Estimate of cumulative claims as at 31 December 2021	**512,397**	**369,750**	**2,085,274**	**1,027,394**	**335,344**	**1,698,265**	**10,514,639**	**4,798,867**	**21,341,930**
Cumulative payments as at 31 December 2021	231,111	88,464	1,803,988	746,108	54,058	1,411,544	2,473,628	2,489	6,811,390
Gross outstanding claims on liabilities as at 31 December 2021	**281,286**	**281,286**	**281,286**	**281,286**	**281,286**	**286,721**	**8,041,011**	**4,796,378**	**14,530,540**

5 Premiums

	Voluntary insurance				
2022 KZT'000	**Loan insurance**	**Insurance against other financial losses**	**Insurance against losses of financial organisations**	**Other voluntary insurance**	**Total**
Gross insurance premiums written	7,227,643	417,078	318,121	(2,007)	7,960,835
Change in the gross provision for unearned premiums	(3,184,350)	(35,325)	(227,054)	80,771	(3,365,958)
Gross earned insurance premiums	**4,043,293**	**381,753**	**91,067**	**78,764**	**4,594,877**
Less: written premiums ceded to reinsurers	(21,629)	(110,021)	(218,186)		(349,836)
Reinsurers' share of change in the gross provision for unearned premiums	(289,353)	(67,118)	101,500	-	(254,971)
Earned insurance premiums ceded for reinsurance	**(310,982)**	**(177,139)**	**(116,686)**		**(604,807)**
Net earned insurance premiums	**3,732,311**	**204,614**	**(25,619)**	**78,764**	**3,990,070**

	Voluntary insurance				
2021 KZT'000	**Loan insurance**	**Insurance against other financial losses**	**Insurance against losses of financial organisations**	**Other voluntary insurance**	**Total**
Gross insurance premiums written	6,223,771	258,819	270,106	86,548	6,839,244
Change in the gross provision for unearned premiums	(3,531,744)	25,564	(34,937)	197,959	(3,343,158)
Gross earned insurance premiums	**2,692,027**	**284,383**	**235,169**	**284,507**	**3,496,086**
Less: written premiums ceded to reinsurers	(1,162,868)	(18,719)	(13,842)	-	(1,195,429)
Reinsurers' share of change in the gross provision for unearned premiums	1,149,730	(28,302)	2,243	-	1,123,671
Earned insurance premiums ceded for reinsurance	**(13,138)**	**(47,021)**	**(11,599)**	**-**	**(71,758)**
Net earned insurance premiums	**2,678,889**	**237,362**	**223,570**	**284,507**	**3,424,328**

6 Claims incurred

2022 KZT'000	Voluntary insurance Loan insurance	 Insurance against other financial loss	 Insurance against losses of financial organisations	 Other voluntary insurance	Total
Claims paid	7,963,000	122,986	-	-	8,085,986
Claims paid, net of reinsurance	**7,963,000**	**122,986**	**-**	**-**	**8,085,986**
Change in provisions for incurred but not reported claims	3,382,603	(34,594)	166,895	(53,651)	3,461,253
Change in provisions for reported but not settled claims	4,931,278	3,853	-	(5,435)	4,929,696
Change in reinsurers' share in insurance contract provisions	(37,703)	1,459	-	-	(36,244)
Change in net reinsurance contract provisions	**8,276,178**	**(29,282)**	**166,895**	**(59,086)**	**8,354,705**
Reimbursement from recourse claims and claims to reinsurers	(2,724,310)	(431,037)	-	-	(3,155,347)
Net claims incurred	**13,514,868**	**(337,333)**	**166,895**	**(59,086)**	**13,285,344**

2021 KZT'000	Obligatory insurance Employer's liability	Voluntary insurance Loan insurance	 Insurance against other financial loss	 Insurance against losses of financial organisations	 Other voluntary insurance	Total
Claims paid	5,392	2,000,000	470,753	-	-	2,476,145
Claims paid, net of reinsurance	**5,392**	**2,000,000**	**470,753**	**-**	**-**	**2,476,145**
Change in provisions for incurred but not reported claims	(196,690)	8,647,815	(211,534)	(594,894)	74,700	7,719,397
Change in provisions for reported but not settled claims	-	(139,508)	(289,008)	-	(88,713)	(517,229)
Change in reinsurers' share in insurance contract provisions	55,802	-	(1,459)	-	2,591	56,934
Change in net reinsurance contract provisions	**(140,888)**	**8,508,307**	**(502,001)**	**(594,894)**	**(11,422)**	**7,259,102**
Reimbursement from recourse claims	-	(1,307,500)	(64,434)	-	-	(1,371,934)
Net claims incurred	**(135,496)**	**9,200,807**	**(95,682)**	**(594,894)**	**(11,422)**	**8,363,313**

7 Interest income/(expense)

	2022 KZT'000	2021 KZT'000
Interest income calculated using the effective interest rate method		
Placements with banks and cash and cash equivalents	8,175,796	4,578,649
Investment securities, measured at fair value through other comprehensive income	2,717,191	2,626,491
Investment securities, measured at amortised cost	1,770,604	1,676,489
	12,663,591	**8,881,629**
Other interest income		
Investment securities, measured at fair value through profit or loss	72,585	60,169
	72,585	**60,169**
Interest expense	-	-
Interest expense	-	(20,769)
	-	**(20,769)**

8 General administrative expenses

	2022 KZT'000	2021 KZT'000
Salaries and bonuses	1,315,282	1,246,537
Consulting and professional services	411,354	173,465
Rent expenses	213,198	199,709
Social tax and social contributions	127,552	114,270
Travel expenses	86,440	45,939
Depreciation and amortisation	76,023	50,337
Advertising and marketing	65,179	65,979
Administrative expenses of the Board of Directors	55,485	61,991
Transportation costs	44,244	35,109
Training expenses	27,912	28,544
Membership fees	25,932	24,049
Communication services	23,857	25,490
Insurance of employees	17,568	26,510
Bank charges	4,931	3,062
Administrative expenses	1,210	13,228
Other	137,725	35,865
	2,633,892	**2,150,084**

9 Income tax expense

	2022 KZT'000	2021 KZT'000
Current year tax expense	(762,454)	-
Income tax expense for prior periods	-	(319,802)
Total current income tax	**(762,454)**	**(319,802)**
Movement in deferred tax liabilities due to origination and reversal of temporary differences and movement in loss allowance	42,102	(221)
Total income tax expense	**(720,352)**	**(320,023)**

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

- **Calculation of effective tax rate for the year ended 31 December:**

	2022 KZT'000	%	2021 KZT'000	%
Profit before income tax	**2,992,497**	**100**	**2,332,014**	**100**
Income tax calculated at the effective tax rate	(598,499)	(20)	(466,403)	(20)
Non-taxable income on investment securities	909,653	30	683,506	29
Income tax expense for prior periods	-	-	(319,802)	(14)
Non-deductible expenses on creation of provisions for impairment of insurance receivables	(1,043,039)	(35)	(204,109)	(9)
Other non-taxable income/(expenses)	11,533	1	(13,215)	(1)
	(720,352)	**(24)**	**(320,023)**	**(14)**

- **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 net deferred tax assets and liabilities as at 31 December 2022 and 31 December 2021.

The deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan.

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

KZT'000	Balance as at 1 January 2022	Recognised in profit or loss	Balance as at 31 December 2022
Property and equipment, and intangible assets	(403)	(5,709)	(6,112)
Vacation and bonuses reserve	40,493	612	41,105
Provisions for facility administrative and support activities	-	47,199	47,199
	40,090	**42,102**	**82,192**

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

KZT'000	Balance as at 1 January 2021	Recognised in profit or loss	Balance as at 31 December 2021
Property and equipment, and intangible assets	2,617	(3,020)	(403)
Vacation and bonuses reserve	37,694	2,799	40,493
	40,311	**(221)**	**40,090**

10 Cash and cash equivalents

	2022 KZT’000	2021 KZT’000
Cash on bank accounts and call deposits		
- rated from BBB- to BBB+	5,133,556	2,186,807
- rated from BB- to BB+	517,631	2,725,377
- rated from B- to B+	30	-
- not rated*	4,112,522	9,747,148
Reverse REPO		
- rated from BBB+ to BBB-	56,183,086	-
- rated from B- to B+	5,931,265	-
	71,878,090	**14,659,332**
Credit loss allowance	(53)	(1,977)
Total cash and cash equivalents	**71,878,037**	**14,657,355**

*not rated (subsidiary bank of a non-resident bank rated not lower than ‘A-’)

Reverse REPO

	2022 KZT’000 Fair value	2022 KZT’000 Carrying amount
Kazakhstan government securities	31,165,546	31,308,046
Corporate securities	30,711,650	30,806,305
Total	**61,877,196**	**62,114,351**

The credit ratings above are presented in accordance with Standard&Poor's credit agency standards or similar standards of other international agencies.

For calculating allowances for expected credit losses on unrated financial instruments, the Company applies the credit rating of the Parent Bank.

As at 31 December 2022 and 31 December 2021, all cash and cash equivalents are allocated to Stage 1 of the credit risk grading.

As at 31 December 2022 and 31 December 2021, the Company had no balances with the banks, whose share exceeds 10% of equity.

11 Placements with banks

	2022 KZT’000	2021 KZT’000
- rated from BBB- to BBB+	7,482,753	2,799,525
- rated from BB- to BB+	4,741,002	56,602,315
- rated from B- to B+	10,254,357	617,876
	22,478,112	**60,019,716**
Loss allowance	(153,513)	(160,610)
Total placements with banks	**22,324,599**	**59,859,106**

The credit rating is presented in accordance with Standard&Poor's credit agency standards or similar standards of other international agencies.

As at 31 December 2022 and 31 December 2021, all placements with banks are allocated to Stage 1 of the credit risk grading.

As at 31 December 2022, the annual effective interest rates generated by placement with banks ranged between 0,25% and 8,50% (31 December 2021: ranged between 0,4% and 9,7%).

As at 31 December 2022 the Company had no balances with banks (31 December 2021: 2 banks), whose balance exceeds 10% of equity. The gross value of these balances as at 31 December 2021 is KZT 36,278,356 thousand.

Movement in credit loss allowance

KZT'000	Stage 1 2022	Stage 1 2021
Balance at the beginning of the period	160,610	180,631
Net change in credit loss allowance	(7,097)	(20,021)
Balance at the end of the period	**153,513**	**160,610**

12 Investment securities

	2022 KZT'000	2021 KZT'000
Measured at fair value through other comprehensive income	25,201,794	35,166,389
Measured at amortised cost	18,210,256	22,803,125
Measured at fair value through profit or loss	808,847	775,185
	44,220,897	**58,744,699**

	2022 KZT'000	2021 KZT'000
Measured at fair value through other comprehensive income		
Government bonds of the Republic of Kazakhstan		
Rated from BBB+ to BBB-	13,797,096	15,316,681
Government bonds of foreign states		
Rated AA+	270,505	319,464
Total government bonds	**14,067,601**	**15,636,145**
Securities of international financial organisations		
Rated AAA	9,761,115	16,568,298
Rated from BBB+ to BBB-	1,373,078	2,961,946
Total securities of international financial organisations	**11,134,193**	**19,530,244**
	25,201,794	**35,166,389**
Measured at fair value through profit or loss		
Bonds of Kazakhstan banks		
Rated from B+ to B-	808,847	775,185
Total bonds of Kazakhstan banks	**808,847**	**775,185**
Measured at amortised cost		
Notes of the National Bank of the Republic of Kazakhstan		
Rated BBB-	-	11,299,114
Total notes of the National Bank of the Republic of Kazakhstan	**-**	**11,299,114**
Government bonds of the Republic of Kazakhstan		
Rated BBB	12,576,155	-
Total government bonds	**12,576,155**	**-**
Corporate bonds of Kazakhstan companies		
Rated BBB-	-	4,280,639
Non-rated	4,615,597	
Total corporate bonds of Kazakhstan companies	**4,615,597**	**4,280,639**
Securities of international financial organisations		
Rated AAA	1,018,504	-
Rated from BBB+ to BBB-	-	7,223,372
Total securities of international financial organisations	**1,018,504**	**7,223,372**
	18,210,256	**22,803,125**

The above table is based on the credit ratings assigned by Standard & Poor’s or other agencies converted into Standard & Poor’s scale.

As at 31 December 2022, annual effective interest rates on investment securities denominated in Tenge ranged from 4,10% to 15,35% per annum (31 December 2021: from 4,1% to 11,58%).

As at 31 December 2022, annual effective interest rates on investment securities denominated in US dollars were 3,94% per annum (31 December 2021: ranged from 2,50% to 3,94%).

As at 31 December 2022, the annual effective interest rates on investment securities denominated in Canadian dollars were 4,31% per annum (31 December 2021: 4,31%).

As at 31 December 2022 and 31 December 2021 all investment securities at amortised cost and at fair value through other comprehensive income are categorised as Stage 1 credit risk. According to IFRS 9 Financial Instruments, the allowance for expected credit losses as at 31 December 2022 was KZT 1,901 thousand (31 December 2021: KZT 7,046 thousand).

As at 31 December 2022 the Company held financial instruments of 1 issuer, whose balances exceeded 10% of equity. The gross value of these balances as at 31 December 2022 is KZT 26,373,252 thousand (31 December 2021: 1 issuer with gross balances of KZT 26,615,795 thousand).

13 Insurance and reinsurance receivables

	2022 KZT'000	2021 KZT'000
Amounts due from policyholders under insurance contracts	16,320,289	5,812,632
Amounts due from inward reinsurers	41,027	36,146
Amounts due from outward reinsurers	170,440	-
	16,531,756	**5,848,778**
Impairment allowance	(7,684,520)	(2,476,739)
	8,847,236	**3,372,039**

As at 31 December 2022 and 31 December 2021, the Company had no policyholders, whose share exceeded 10% of equity in terms of receivables. Movements in the impairment allowance on insurance and reinsurance receivables for the years ended 31 December are as follows:

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year	(2,476,739)	(28,019)
Accrual of allowance	(6,470,828)	(2,458,920)
Write-off of allowance	1,263,047	10,200
Balance at the end of the year	**(7,684,520)**	**(2,476,739)**

Credit quality of insurance and reinsurance receivables

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

	Gross receivables KZT’000	Impairment allowance KZT’000	Net receivables KZT’000	Impairment allowance to gross receivables %
Amounts due from policyholders, under insurance contracts and reinsurance				
Amounts due from policyholders, under insurance contracts				
Not overdue	8,192,402	1,456,588	6,735,814	18
Overdue or impaired:				
- overdue less than 90 days	7,771,728	(5,871,781)	1,899,947	76
- overdue more than 90 days and less than 1 year	279,297	(279,297)	-	100
- overdue more than 1 year	76,862	(76,854)	8	100
Total overdue or impaired receivables from policyholders, under insurance contracts	8,127,887	(6,227,932)	1,899,955	77
Total amounts due from policyholders, under insurance contracts	**16,320,289**	**(7,684,520)**	**8,635,769**	**47**
Amounts due from inward reinsurance				
Not overdue	677	-	677	0
- overdue less than 90 days	40,350	-	40,350	0
Total overdue or impaired receivables	40,350	-	40,350	0
Total amounts due from inward reinsurance	**41,027**	**-**	**41,027**	**0**
Amounts due from outward reinsurers				
Not overdue	156,187	-	156,187	**0**
- overdue less than 90 days	14,253	-	14,253	**0**
Total overdue or impaired receivables	**14,253**	**-**	**14,253**	**0**
Total amounts due from outward reinsurers	**170,440**	**-**	**170,440**	**0**
Total amounts due from policyholders, under insurance contracts, inward and outward reinsurers	**16,531,756**	**(7,684,520)**	**8,847,236**	**46**

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

	Gross receivables KZT'000	Impairment allowance KZT'000	Net receivables KZT'000	Impairment allowance to gross receivables %
Amounts due from policyholders, under insurance contracts and cedents				
Amounts due from policyholders, under insurance contracts				
Not overdue	5,491,013	2,400,354	3,090,659	44
Overdue or impaired:				
- overdue less than 90 days	229,595	(1,718)	227,877	1
- overdue more than 90 days and less than 1 year	70,078	(52,721)	17,357	75
- overdue more than 1 year	21,946	(21,946)	-	100
Total overdue or impaired receivables from policyholders	321,619	(76,385)	245,234	24
Total amounts due from policyholders	**5,812,632**	**(2,476,739)**	**3,335,893**	**0**
Amounts due from cedents				
Not overdue	36,146	-	36,146	0
Total amounts due from cedents	**36,146**	**-**	**36,146**	**0**
Total amounts due from policyholders and cedents	**5,848,778**	**(2,476,739)**	**3,372,039**	**42**

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

	Gross 2022 KZT'000	Reinsurance 2022 KZT'000	Net 2022 KZT'000
Provision for unearned premiums	12,380,904	(1,061,334)	11,319,570
Provision for claims incurred but not reported	17,712,169	-	17,712,169
Provision for claims reported but not settled	5,209,320	(37,703)	5,171,617
	35,302,393	**(1,099,037)**	**34,203,356**

	Gross 2021 KZT'000	Reinsurance 2021 KZT'000	Net 2021 KZT'000
Provision for unearned premiums	9,014,946	(1,316,305)	7,698,641
Provision for claims incurred but not reported	14,250,915	-	14,250,915
Provision for claims reported but not settled	279,625	(1,459)	278,166
	23,545,486	**(1,317,764)**	**22,227,722**

○ (a) Analysis of movements in provisions for claims incurred but not reported and in provisions for claims reported but not settled

	Gross 2022 KZT'000	Reinsurance 2022 KZT'000	Net 2022 KZT'000
Balance of the provisions for impairment at the beginning of the year	14,530,540	(1,459)	14,529,081
Losses incurred during the year	15,162,241	(37,703)	15,124,538
Adjustment for losses incurred in previous years due to changes in assumptions	1,314,694	1,459	1,316,153
Total amount of claims paid during the year	(8,085,986)	-	(8,085,986)
Balance at the end of the year	**22,921,489**	**(37,703)**	**22,883,786**

	Gross 2021 KZT'000	Reinsurance 2021 KZT'000	Net 2021 KZT'000
Balance of the provisions for impairment at the beginning of the year	7,328,371	(58,393)	7,269,978
Losses incurred during the year	4,798,867	2,458	4,801,325
Adjustment for losses incurred in previous years due to changes in assumptions	4,879,447	54,476	4,933,923
Total amount of claims paid during the year	(2,476,145)	-	(2,476,145)
Balance at the end of the year	**14,530,540**	**(1,459)**	**14,529,081**

○ (b) Analysis of movements in provision for unearned premiums

	Gross 2022 KZT'000	Reinsurance 2022 KZT'000	Net 2022 KZT'000
Balance at the beginning of the year	9,014,946	(1,316,305)	7,698,641
Premiums written	7,960,835	(349,836)	7,610,999
Premiums earned	(4,594,877)	604,807	(3,990,070)
Balance at the end of the year	**12,380,904**	**(1,061,334)**	**11,319,570**

	Gross 2021 KZT'000	Reinsurance 2021 KZT'000	Net 2021 KZT'000
Balance at the beginning of the year	5,671,788	(192,634)	5,479,154
Premiums written	6,839,244	(1,195,429)	5,643,815
Premiums earned	(3,496,086)	71,758	(3,424,328)
Balance at the end of the year	**9,014,946**	**(1,316,305)**	**7,698,641**

○ **(c) Analysis of insurance contract provisions by main lines of business**

	Voluntary insurance				
2022 **KZT'000**	**Loan insurance**	**Insurance against other financial losses**	**Insurance against losses of financial institutions**	**Other voluntary insurance**	**Total**
Provision for unearned premiums	11,245,295	542,987	441,023	151,599	12,380,904
Provision for claims incurred but not reported	16,745,012	622,473	259,876	84,808	17,712,169
Provision for claims reported but not settled	5,167,984	41,336	-	-	5,209,320
Gross insurance contract provisions	**33,158,291**	**1,206,796**	**700,899**	**236,407**	**35,302,393**
Reinsurers' share in insurance contract provisions	(898,079)	(89,708)	(111,250)	-	(1,099,037)
Net insurance contract provisions	**32,260,212**	**1,117,088**	**589,649**	**236,407**	**34,203,356**

	Voluntary insurance				
2021 **KZT'000**	**Loan insurance**	**Insurance against other financial losses**	**Insurance against losses of financial institutions**	**Other voluntary insurance**	**Total**
Provision for unearned premiums	8,060,945	507,662	213,969	232,370	9,014,946
Provision for claims incurred but not reported	13,977,558	41,918	92,981	138,458	14,250,915
Provision for claims reported but not settled	236,706	37,484	-	5,435	279,625
Gross insurance contract provisions	**22,275,209**	**587,064**	**306,950**	**376,263**	**23,545,486**
Reinsurers' share in insurance contract provisions	(1,149,730)	(158,285)	(9,749)	-	(1,317,764)
Net insurance contract provisions	**21,125,479**	**428,779**	**297,201**	**376,263**	**22,227,722**

○ (d) 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. There is, however, a general lack of publicly available information on the Kazakhstan insurance market that would be relevant to identification of assumptions and sensitivities.

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 policyholders/beneficiaries 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. If there is insufficient information on the amount of the loss, the provision for claims reported but not settled is estimated to be equal to at least the average amount of claims paid for a similar group of insured events for the previous financial year or the previous two financial years, whichever is greater. 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.

Provision for claims incurred but not reported are assessed using the expected loss ratio method. As the Company lacks its own statistics on losses, the Company uses the data of export credit insurance organisations (the Prague Club of the Berne Union, an association of the largest international export credit agencies), as the Union is the only leading international association of organisations that provide insurance for export credits and investments. The Union is an international organisation that is aimed at promoting international cross-border trade and investments and ensuring professional data exchange between its members and that has accumulated financial and other data for more than twenty-five years. For each organisation, the available confirmed data on insurance payments for at least seven years is taken as the basis. Based on the results of this calculation, the average loss ratio for ten companies (members of the Union) for 2014-2021 was 88%. Thus, the loss ratio received is applied to the Company's earned insurance premiums, which determines the size of provisions for claims incurred but not reported.

When other information influencing increase in the insurance risk is identified, the Company establishes additional provisions for individual insurance contracts. As each insurance contract/insurance limit has differentiated risk sources, additional provisioning can also be provided on a differentiated basis, depending on the activity a policyholder is engaged in. The Company performs individual analysis for each insurance/reinsurance contract and takes into account the following factors:

- negative trends in the sectors of operation of risk exposures;
- deterioration of the financial condition of the insured object;
- history of performance of loan obligations to the Company and other creditors;
- instances of restructuring due to a worsening of the solvency of the risk exposure;
- other deteriorating conditions/factors that characterise the potential size of an insured event.

If the above-mentioned factors are identified, the Company assesses the probability of occurrence of an insured event, which depends on the standing of the policyholder, duration of delays, existence of the restructuring in question, and additional information from the beneficiary.

The assumptions that have the greatest effect on the measurement of general insurance contract provisions are the expected loss ratios and assessment of the probability of occurrence of an insured event.

The performance of the Company’s portfolio is sensitive mainly to changes in expected loss ratios. The Company adjusts its insurance tariffs on a regular basis, based on the latest developments in these variables so that any emerging trends are taken into account.

15 Equity

○ (a) Share capital

	Ordinary shares 2022	**Ordinary shares 2021**
Authorised shares (ordinary shares)	**92,000**	**92,000**
Issued and outstanding shares (ordinary shares)	**91,440**	**91,440**
Number of shares	87,300	87,300
Nominal value, KZT’000	266	266
Number of shares	2,780	2,780
Nominal value, KZT’000	5,000	5,000
Number of shares	1,360	1,360
Nominal value, KZT’000	50,000	50,000
Issued and fully paid, KZT’000	**105,100,000**	**105,100,000**

○ (b) Capital management

The Company is subject to the regulatory requirements of the Republic of Kazakhstan regarding solvency margin as defined by statutory and regulatory enactments.

The Company is required to maintain a solvency margin ratio at not less than one. The solvency margin ratio is determined by division of actual solvency margin by minimum required solvency margin. The 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 2021 and 31 December 2022 the Company complies with the solvency margins which are as follows:

	2022 KZT’000	**2021 KZT’000**
Actual solvency margin	102,179,076	111,807,848
Minimum solvency margin	2,947,072	2,456,704
Solvency margin	**34.67**	**45.51**

○ (c) Dividends

In accordance with Kazakhstan legislation the Company's distributable dividends are limited to the balance of retained earnings as recorded in the Company’s statutory financial statements prepared in accordance with IFRS or net profit for the current year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the entity’s insolvency.

During the year ended 31 December 2022 dividends of KZT 1,408,393 thousand or KZT 15,402.39 per share, with total number of shares being 91,440 were declared and paid (2021: KZT 2,704,733 thousand or KZT 29,611 per share, with the total number of shares being 91,340).

o (d) Provision for unexpected risks

In 2022, there was a decrease in provisions for unexpected risks of KZT 3,844,409 thousand (2021: increase by KZT 7,397,026 thousand) within retained earnings, as in accordance with the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan №12 dated 31 January 2019 "On Making Amendments to the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan" No.304 dated 26 December 2016, the Company is obliged to create a provision for those insurance products, where unearned premium reserve may not cover all expected insurance losses.

o (e) Stabilisation reserve

In 2022, there was a decrease in the stabilisation reserve of KZT 104,217 thousand (2021: increase by KZT 149,751 thousand. Stabilisation reserve by insurance class is formed in cases where the average value of loss ratios excluding the share of reinsurer (the "LR") over the past 5 years is more than 70%, while the loss ratio excluding the reinsurer for the last year is less than this average value. In this case, the previous stabilisation reserve is increased by the ratios difference multiplied by the net premium earned. The stabilization reserve is an assessment of the obligations of the insurance (reinsurance) company, associated with the implementation of future insurance payments in the event of an excess of the coefficient characterizing the unprofitability of the insurance company, taking into account the share of the reinsurer over its average value. The coefficient characterizing the unprofitability of an insurance company, taking into account the share of the reinsurer (hereinafter referred to as the coefficient characterizing the unprofitability) is determined in accordance with the requirements of the regulatory legal acts of RK for calculating coefficients characterizing the unprofitability of an insurance (reinsurance) company. At the same time, the stabilisation reserve should not exceed 10% of the available insurance reserves for the class.

16 Financial instrument risk management

Management of risk is fundamental to the business of the Company and forms an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

(a) 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, products and services offered and emerging best practice.

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

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

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

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. Market risk comprises currency risk, interest rate risk, yield curve risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

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

Overall authority 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 instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis.

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

(i) Interest rate risk

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

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

Interest rate risk is managed principally through monitoring interest rate gaps. Interest gap position for investment securities measured at fair value through profit or loss with carrying amount of KZT 808,847 thousand (31 December 2021: KZT 775,185 thousand), and for investment securities measured at fair value through other comprehensive income with carrying amount of KZT 3,839,632 thousand as at 31 December 2022 (31 December 2021: KZT 3,912,759 thousand) is within the period from 2 to 6 months (31 December 2021: from 2 to 6 months).

An analysis of the sensitivity of net profit for the year and equity of the Company as a result of changes in fair value of investment securities measured at fair value through other comprehensive income and measured at fair value through profit or loss to changes in the interest rates (based on positions existing as at 31 December 2022 and 31 December 2021 and based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves) is as follows:

	31 December 2022		31 December 2021	
	Profit	**Equity**	**Profit**	**Equity**
100 bp parallel rise	(5,032)	(608,520)	(9,870)	(862,514)
100 bp parallel fall	5,096	640,730	10,085	912,253

(ii) Currency risk

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

The structure of financial assets and liabilities by currency as at 31 December 2022 may be presented as follows:

KZT'000	KZT	USD	RUB	Other	Total
Assets					
Cash and cash equivalents	66,265,301	5,612,735	1	-	71,878,037
Placements with banks	1,068,553	12,524,850	8,731,196	-	22,324,599
Investment securities:					
- measured at fair value through other comprehensive income	24,931,289	-	-	270,505	25,201,794
- measured at fair value through profit or loss	808,847	-	-	-	808,847
- measured at amortised cost	13,594,659	4,615,597	-	-	18,210,256
Insurance and reinsurance receivables	8,846,559	-	677	-	8,847,236
Total assets	**115,515,208**	**22,753,182**	**8,731,874**	**270,505**	**147,270,769**
Liabilities					
Insurance contract provisions	(33,719,602)	(1,197,260)	(303,182)	(82,349)	(35,302,393)
Insurance and reinsurance payables	(781,862)	(95,870)	(1,377)	(5,527)	(884,636)
Other financial liabilities	(350,028)	(30,072)	-	-	(380,100)
Total liabilities	**(34,851,492)**	**(1,323,202)**	**(304,559)**	**(87,876)**	**(36,567,129)**
Net position as at 31 December 2022	**80,663,716**	**21,429,980**	**8,427,315**	**182,629**	**110,703,640**

The structure of financial assets and liabilities by currency as at 31 December 2021 may be presented as follows:

KZT'000	KZT	USD	RUB	Other	Total
Assets					
Cash and cash equivalents	9,772,904	4,318,277	565,758	416	14,657,355
Placements with banks	45,219,657	7,625,274	7,014,175	-	59,859,106
Investment securities:					
- measured at fair value through other comprehensive income	34,846,924	-	-	319,465	35,166,389
- measured at fair value through profit or loss	775,185	-	-	-	775,185
- measured at amortised cost	13,677,876	9,125,249	-	-	22,803,125
Insurance and reinsurance receivables	3,335,894	-	36,145	-	3,372,039
Total assets	**107,628,440**	**21,068,800**	**7,616,078**	**319,881**	**136,633,199**
Liabilities					
Insurance contract provisions	(21,298,990)	(1,796,059)	(393,752)	(56,684)	(23,545,486)
Insurance and reinsurance payables	(1,195,157)	-	(1,234)	(5,485)	(1,201,876)
Other financial liabilities	(143,315)	(26,988)	(7)	-	(170,310)
Total liabilities	**(22,637,462)**	**(1,823,047)**	**(394,993)**	**(62,169)**	**(24,917,672)**
Net position as at 31 December 2021	**84,990,978**	**19,245,753**	**7,221,085**	**257,712**	**111,715,528**

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2022 and 31 December 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is 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.

KZT'000	2022	2021
30% appreciation of USD (2021: 30%)	5,143,195	4,618,981
30 % appreciation of RUB (2021: 30%)	2,022,556	1,733,060
10 % appreciation of other currencies (2021: 30%)	14,610	61,851

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

(c) Credit risk

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

The Company continuously monitors the status of individual counterparties and regularly reassesses the creditworthiness of its counterparties. In addition to the analysis of individual borrowers, the Risk Management Department assesses the loan portfolio in general in terms of credit concentration and market risks.

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

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

	2022 KZT’000	2021 KZT’000
ASSETS		
Cash and cash equivalents	71,878,037	14,657,355
Placements with banks	22,324,599	59,859,106
Investment securities:		
- measured at fair value through other comprehensive income	25,201,794	35,166,389
- measured at fair value through profit or loss	808,847	775,185
- measured at amortised cost	18,210,256	22,803,125
Insurance and reinsurance receivables	8,847,236	3,372,039
Reinsurers’ share in insurance contract provisions	1,099,037	1,317,764
Total maximum exposure	**148,369,806**	**137,950,963**

As at 31 December 2022 the Company had 1 debtor (31 December 2021: 3 debtors), credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for these customers as at 31 December 2022 is KZT 56,380,059 thousand (31 December 2021: KZT 51,979,918 thousand).

(d) Liquidity risk

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

The Company mitigates this risk by analysing liquidity gaps and maturity on an ongoing basis.

The following table shows financial liabilities by remaining contractual maturity dates as at 31 December 2022. Insurance liabilities are shown based on expected maturities. Insurance contract provisions are presented net of reinsurers' share:

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	71,878,037	-	-	-	-	71,878,037
Placements with banks	-	3,687,992	15,766,793	2,869,814	-	22,324,599
Investment securities:	-	-	-	-	-	-
- measured at fair value through other comprehensive income	674,900		1,469,518	7,450,195	15,607,181	25,201,794
- measured at fair value through profit or loss	-	-	808,847	-	-	808,847
- measured at amortised cost	-	-	12,576,155	5,634,101	-	18,210,256
Insurance and reinsurance receivables	1,070,154	426,080	3,287,057	1,935,295	-	6,718,586
Reinsurers' share in insurance contract provisions	-	24,520	107,977	960,088	6,452	1,099,037
Other financial assets	-	-	2,128,650	-	-	2,128,650
Total financial assets as at 31 December 2022	**73,623,091**	**4,138,592**	**36,144,997**	**18,849,493**	**15,613,633**	**148,369,806**
Financial liabilities						
Insurance contract provisions	10,091,167	962,676	11,587,483	11,911,529	749,538	35,302,393
Insurance and reinsurance payables	-	-	413,176	471,460	-	884,636
Other financial liabilities	175,427	130,905	73,768	-	-	380,100
Total financial liabilities as at 31 December 2022	**10,266,594**	**1,093,581**	**12,074,427**	**12,382,989**	**749,538**	**36,567,129**
Liquidity gap for financial instruments	**63,356,497**	**3,045,011**	**24,070,570**	**6,466,504**	**14,864,095**	**111,802,677**

The following table shows financial liabilities by remaining contractual maturity dates as at 31 December 2021. Insurance liabilities are shown based on expected maturities. Insurance contract provisions are presented net of reinsurers' share:

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	9,892,172	4,765,183				14,657,355
Placements with banks	45,447,062	3,597,850	10,814,194			59,859,106
Investment securities:						
- measured at fair value through other comprehensive income			4,691,701	11,966,647	18,508,041	35,166,389
- measured at fair value through profit or loss				775,185		775,185
- measured at amortised cost			11,299,114	11,504,011		22,803,125
Insurance and reinsurance receivables	346,217	855,510	2,094,028	65,470		3,361,225
Reinsurers' share in insurance contract provisions		5,482	14,711	1,297,571		1,317,764
Other financial assets			10,814			10,814
Total financial assets as at 31 December 2021	**55,685,451**	**9,224,025**	**28,924,562**	**25,608,884**	**18,508,041**	**137,950,963**
Financial liabilities						
Insurance contract provisions	4,935	929,751	12,224,517	10,386,283	-	23,545,486
Insurance and reinsurance payables	535,157	-	6,719	660,000	-	1,201,876
Other financial liabilities	67,655	102,655	-	-	-	170,310
Total financial liabilities as at 31 December 2021	**607,747**	**1,032,406**	**12,231,236**	**11,046,283**	**-**	**24,917,672**
Liquidity gap for financial instruments	**55,077,704**	**8,191,619**	**16,693,326**	**14,562,601**	**18,508,041**	**113,033,291**

17 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 condition 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, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

18 Financial assets and liabilities: fair values and accounting classifications

○ (a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

KZT'000	Measured at amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	71,878,037	-	-	71,878,037	71,878,037
Placements with banks	22,324,599	-	-	22,324,599	22,324,599
Investment securities:					
- measured at fair value through other comprehensive income	-	25,201,794	-	25,201,794	25,201,794
- measured at fair value through profit or loss	-	-	808,847	808,847	808,847
- measured at amortised cost	18,210,256	-	-	18,210,256	18,041,801
	112,412,892	**25,201,794**	**808,847**	**138,423,533**	**138,255,078**
Other financial liabilities	(380,100)	-	-	(380,100)	(380,100)
	(380,100)	**-**	**-**	**(380,100)**	**(380,100)**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021:

KZT'000	Measured at amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	14,657,355	-	-	14,657,355	14,657,355
Placements with banks	59,859,106	-	-	59,859,106	59,859,106
Investment securities:					
- measured at fair value through other comprehensive income	-	35,166,389	-	35,166,389	35,166,389
- measured at fair value through profit or loss	-	-	775,185	775,185	775,185
- measured at amortised cost	22,803,125	-	-	22,803,125	23,046,572
	97,319,586	**35,166,389**	**775,185**	**133,261,160**	**133,504,607**
Other financial liabilities	(170,310)	-	-	(170,310)	(170,310)
	(170,310)	**-**	**-**	**(170,310)**	**(170,310)**

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 orderly 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 determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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

○ (b) Fair value hierarchy

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

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2022, the fair value of all financial instruments was categorised as Level 2, except other financial assets and other financial liabilities.

19 Related party transactions

(a) Control relationship

The Company's parent company is National Management Holding "Baiterek" JSC. The Company's ultimate shareholder is the Government of the Republic of Kazakhstan.

The Company's parent company presents financial statements available to external users.

(b) Transactions with key management personnel

Total remuneration included in general and administrative expenses for the years ended 31 December 2022 and 31 December 2021 is as follows:

	2022 KZT’000	2021 KZT’000
Members of the Board of Directors	30,602	29,386
Members of the Board of Directors	194,777	168,569
	225,379	**197,955**

(c) Transactions with other related parties

Other related parties comprise the government companies that are not part of Baiterek Group.

State guarantee issued by the Government of the Republic of Kazakhstan

In September 2022 the Ministry of Finance of the RK, EIC KazakhExport JSC and Fund of Problem Loans JSC (formerly, Company for Asset Rehabilitation and Management) signed the Agreement on Issue of the State Guarantee of the Republic of Kazakhstan to support export for the amount of KZT 210,000,000 thousand, with 10-year term, as security of its liabilities related to repayment of debt on insurance indemnities (in September 2021: KZT 100,200,000 thousand with 10-year term).

The state guarantee received by the Company will increase the amount of insurance obligations assumed without additional cash contributions to the Company’s equity.

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

KZT’000	Fellow subsidiaries	Other entities, incl. government-related entities	Total per financial statement caption
Assets			
Investment securities measured at fair value through other comprehensive income	-	18,412,693	25,201,794
Investment securities measured at amortised cost	-	12,576,155	18,210,256
Insurance and reinsurance receivables	216,562	1,814,761	8,847,236
Current tax asset	-	349,716	349,716
Deferred tax assets	-	82,192	82,192
Other assets	-	728,493	931,195
Liabilities	-	-	-
Provision for unearned premiums	388,410	-	12,380,904
Other liabilities	18,028	21,731	650,120

KZT’000	Fellow subsidiaries	Other entities, incl. government-related entities	Total per financial statement caption
Profit/(loss)			
Premiums written	179,213		7,960,835
Claims paid	-	(5,303,364)	(8,085,986)
Reimbursement from recourse claims	-	2,568,125	2,982,887
Change in the gross provision for unearned premiums	5,380	-	(3,365,958)
Change in the gross provisions for loss incurred but not reported	-	3,418,965	(3,461,253)
Change in the gross provisions for claims reported but not settled	-	5,303,364	(4,929,696)
Finance income	-	2,828,921	12,663,591
General administrative expenses	-	(75,782)	(2,633,892)
Other operating income/(expense), net	(172,744)	(51,171)	(109,133)
Income tax expense	-	(720,352)	(720,352)

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

KZT’000	**Fellow subsidiaries**	**Other entities, incl. government-related entities**	**Total per financial statement caption**
Assets			
Investment securities measured at fair value through other comprehensive income	-	15,316,681	35,166,389
Investment securities measured at amortised cost	-	15,579,753	22,803,125
Insurance and reinsurance receivables	174,365	17,183	3,372,039
Current tax asset	-	837,619	837,619
Deferred tax assets	-	-	40,090
Other assets	-	358,983	452,243
Liabilities			
Provision for unearned premiums	393,791	-	9,014,946
Provision for loss incurred but not reported	-	3,247,210	14,250,915
Other liabilities	57,229	42,212	436,579
Profit/(loss)			
Premiums written	77,484	-	6,839,244
Change in the gross provision for unearned premiums	60,518	235,489	(3,343,158)
Change in the gross provisions for loss incurred but not reported	249,948	(2,784,768)	(7,719,397)
Change in the gross provisions for claims reported but not settled	-	376,214	517,229
Finance income	-	2,334,514	8,881,629
Finance costs	-	(20,769)	(20,769)
Other operating income/(expense), net	(171,158)	(40,140)	(304,138)
Income tax expense	-	(320,023)	(320,023)

During 2022 the Company declared and paid dividends of KZT 1,408,393 thousand (2021: KZT 2,704,733 thousand) to Baiterek NMH JSC).

20 Events after the End of the Reporting Period

The Company has been implementing the IFRS 17 standard (Note 3).