APEX INSURANCE COMPANY

Consolidated Financial Statements and Independent Auditor's Report

JSC APEX INSURANCE

31 December 2023

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MARIKON
AUDIT

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No. 7
From February 8, 2024

Founders and Management
JSC "APEX INSURANCE"

Audit report of an independent auditor

Opinion

We audited the consolidated financial statements of APEX INSURANCE JSC, prepared in accordance with IFRS as of December 31, 2023, consisting of:

- Consolidated statement of financial position for the year ended December 31, 2023,
- Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023,
- Consolidated statement of changes in equity for the year ended December 31, 2023,
- Consolidated statement of cash flows for the year ended December 31, 2023,

and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of APEX INSURANCE JSC as of December 31, 2023, and its financial results, comprehensive income and cash flows for the year then ended in accordance with International financial reporting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further disclosed 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.

Declaration of Independence

We are independent in relation to APEX INSURANCE JSC in accordance with the ethical requirements established by the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), applicable to our audit of financial statements in the Republic of Uzbekistan, as well as in accordance with the requirements of the Law "On Auditing" in terms of compliance with the principle of independence, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our approach to audit

The main activity of APEX INSURANCE JSC is the provision of insurance services. We paid special attention to issues related to the specifics of the operating activities of APEX INSURANCE JSC in the field of providing insurance services. When planning the audit, we determined materiality and assessed the risks of material misstatement of the financial statements. As in all of our audits, we considered the risk of management override of internal controls, including, but not limited to, assessing the presence of management bias that creates a risk of material misstatement due to fraud.
Our work as a whole included audit procedures for the entire audited period as of December 31, 2023. We discussed various issues with the management of APEX INSURANCE JSC during the audit.

Materiality

We used our professional judgment to determine materiality at the level of financial statements of APEX INSURANCE JSC. We have determined the materiality level at 2% of the total assets of the Consolidated Statement of Financial Position of APEX INSURANCE JSC. We examined and determined the indicator of the amount of assets as a fairly representative one, since most of the assets are amounts of receivables, and taking into account the fact that a true assessment of the amounts of receivables significantly affects the financial condition.

The reliability of financial statements in all material respects is understood as such a degree of accuracy of financial statements at which a qualified user of these statements is able to draw correct conclusions and make correct decisions based on them. The materiality of information is the property of it that makes it capable of influencing the decisions of a reasonable user of such information.
The level of materiality is understood as the maximum value of distortion of financial statements, starting from which a qualified user of these statements will no longer be able to draw correct conclusions based on them and make correct decisions.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.
An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of estimates made by management, as well as evaluating the overall presentation of the financial statements.

An audit includes the implementation of procedures to identify non-compliance with the requirements of regulatory legal acts by the management and personnel of an economic entity, which have a significant impact on the financial results of operations and have led to significant distortions in the financial statements.

Scope of audit

We carried out audit work in the office of APEX INSURANCE JSC located in Tashkent. This work consisted of a full audit of all significant transaction amounts, and a full audit of individual control points. As a result, having carried out the above-described amount of work, we achieved the following coverage of financial reporting items: 90% of revenue, 84% of assets, 70% of insurance reserves, and on average for all financial reporting items – 83%.

Key audit issue	***How the relevant key issue was addressed during our audit***
Recognition and measurement of revenue from insurance services Recognition and assessment of revenue from insurance services was one of the most significant issues of our audit due to certain specific mechanisms of the functioning of the insurance market, which leads to disagreements between insurance companies regarding the volume and cost of insurance services. The amount of reinsurers' revenue in total revenue is material to the Company's financial statements. The Company's management's assessment of the likelihood of resolving disagreements in its favor is largely subjective. Revenue is recognized when, based on assumptions, disputes are resolved in favor of the Company.	We reviewed the applied accounting policies regarding the recognition of revenue from insurance services, studied the internal control system over the reflection of this revenue, checked the determination of the relevant amounts of revenue based on concluded insurance, reinsurance and coinsurance agreements, on a sample basis received confirmation of accounts receivable balances from counterparties, carried out analysis of the results of legal proceedings regarding disputed amounts of services provided, if any, and assessment of existing procedures to confirm the volume of insurance transferred.

Recognition, assessment and disclosure of contingent facts of economic activity

The recognition, measurement and disclosure of contingent liabilities in relation to litigation with reinsurers, co-insureds and insurance claims were among the most significant matters in our audit due to the fact that they require significant management judgment with respect to significant amounts of balances with counterparties that are disputed in litigation. proceedings or in the process of pre-trial settlement.	Audit procedures included, among others, analysis of decisions made by courts of various levels and consideration of management's judgment in assessing the likelihood of an outflow of economic resources due to the resolution of disagreements, examination of the compliance of prepared documentation with the provisions of existing contracts and legislation, analysis of disclosure in the notes to the financial statements of information about insurance and other provisions and contingent liabilities.

Asset impairment, credit and financial risks

Due to the presence of signs of impairment of non-current and current assets as of December 31, 2023, the Company conducted an impairment test. The value in use of assets in the form of fixed assets, long-term and short-term financial investments, representing a significant share of the Company's assets, as of December 31, 2023, was determined using the projected cash flow method. The issue of testing fixed assets, long-term and short-term financial investments for impairment was one of the most significant for our audit, since the balance of fixed assets, long-term and short-term financial investments constitute a significant part of the Company's total assets as of the reporting date, and also because management's assessment process value in use is complex, highly subjective and based on assumptions, such as forecasts of insurance revenues, insurance rates, interest and dividend income, and operating costs, which depend on expected future market or economic conditions in the Republic of Uzbekistan.	As part of our audit procedures, we, among other things, assessed the assumptions and methodologies used by the Company, in particular those related to projected insurance revenues, tariff decisions, operating and capital costs, long-term tariff growth rates and discount rates. We tested the model inputs and tested the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test for property, plant and equipment and right-of-use assets. We engaged internal valuation specialists to review the model used to determine the recoverable amount in the impairment test. We also analyzed the sensitivity of the model to changes in key valuation indicators and the information disclosed by the Company about the assumptions on which the results of impairment testing are most dependent.

Responsibilities of management and those charged with corporate governance
Management and financial reporting

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and for the system of internal control that management considers necessary to produce financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing APEX INSURANCE JSC's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate APEX INSURANCE JSC, terminate its activities, or when it does not have any other real alternative other than liquidation or termination of activities.

Those charged with corporate governance are responsible for overseeing the preparation of the financial statements of APEX INSURANCE JSC.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements. In an audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

In addition, we do the following:
□ identify and assess the risks of material misstatement of financial statements as a result of fraud or errors; develop and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; The risk of undetecting a material misstatement resulting from fraud is higher than the risk of undetecting a material misstatement resulting from error, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overrides of internal control;
□ we obtain an understanding of the internal control system relevant to the audit in order to develop audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control system of APEX INSURANCE JSC;
□ Evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related disclosures prepared by management;
□ we conclude on the appropriateness of management's use of the going concern assumption, and, based on the audit evidence obtained, conclude whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the ability of APEX INSURANCE JSC to continue as a going concern your activities. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the appropriate disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause APEX INSURANCE JSC to lose the ability or ability to continue as a going concern;
□ We evaluate the overall presentation of the financial statements, their structure and content, including disclosures, and whether the financial statements present their underlying transactions and events in a manner that provides a fair presentation;
□ We obtain sufficient appropriate audit evidence related to the financial information of third parties or activities within APEX INSURANCE JSC to express an opinion on the financial statements.
□ We are responsible for the management, control and audit of APEX INSURANCE JSC. We remain fully responsible for our audit opinion.
We communicate with those charged with corporate governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant observations based on the audit results, including significant deficiencies in the internal control system, which we identified during the audit process.

We also provide those charged with governance with a statement that we have complied with all relevant ethical requirements regarding independence and have communicated to those charged with all relationships and other matters that may reasonably be considered to have an impact on auditor independence, and where appropriate. – about appropriate precautions.
From those matters communicated to those charged with governance, we determine those matters that were most significant in the audit of the financial statements of the current period and therefore are the key audit matters. We discuss these matters in our auditor's report because the adverse consequences of communicating such information can reasonably be expected to outweigh the public benefit of communicating it.

Information about the audited entity

JSC "APEX INSURANCE". Address: Republic of Uzbekistan, Tashkent, Mirza Ulugbek district, st. Buyuk Ipak Yuli, 154A. Account number 2020 8000 1009 0678 5001 in OPERA PJSCB "INFINBANK", MFO 01041, INN 305684696, OKED 65120.

Information about the audit organization "MARIKON AUDIT"

Address: Republic of Uzbekistan, Tashkent, st. M. Yusufa house 46/2, current account: 2020 8000 2040 5017 9001 in the M. Ulugbek branch of ChZ JSCB "DAVR-BANK", bank code 01072, OKED 69202, Register No. 36 dated 06/08/2021 included by the Ministry of Finance of the Republic of Uzbekistan , liability insurance policy of the audit organization No. 03-02/0681165225-001 dated June 22, 2022, from the Insurance Company JSC "UZBEKINVEST", TIN 203248237, tel. 71 208-49-50, f. 71 208-09-76. Director of the audit organization: Makhmudova G.G., Auditor Qualification Certificate No. 04404 issued by the Ministry of Finance of the Republic of Uzbekistan on September 12, 2012, certified accountant SAR.

The head of the assignment, based on the results of which this audit report was issued, is Gulnara Makhmudova (auditor certificate No. 04404 dated September 12, 2012, issued by the Ministry of Finance of the Republic of Uzbekistan). An audit of the reliability of the financial statements of the business entity APEX INSURANCE JSC as of December 31, 2023, was carried out on the basis of agreement No. JSC - 3107/1 dated 07/31/2023.

General Director - Auditor
MARIKON-AUDIT LLC ______________________ Makhmudova G.G.

Tashkent, Republic of Uzbekistan

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Independent Auditor's Report

Consolidated Financial Statements

In thousands of Uzbekistan Soums	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,022,433,357	459,598,789
Intangible assets	8	25,757,616	10,101,064
Investment property	9	9,997,460	10,375,681
Loans issued		-	789,461
Total non-current assets		**1,058,188,433**	**480,864,995**
Current assets			
Inventories		823,452	845,325
Trade and other receivables	11	31,530,893	7,354,238
Cash and cash equivalents	12	1,028,052,611	542,959,324
Reinsurer's share in the insurance reserve	17	391,524,082	148,755,227
Loans issued	10	9,430,844	1,175,612
Prepayments	13	182,358,980	15,823,556
Income tax prepayments		6,072,821	-
Other assets		31,323,451	5,510,182
Total current assets		**1,681,117,134**	**722,423,464**
TOTAL ASSETS		**2,739,305,567**	**1,203,288,459**
EQUITY			
Share capital	14	375,000,000	72,000,000
Retained earnings		63,238,696	123,627,989
TOTAL EQUITY		**438,238,696**	**195,627,989**
LIABILITIES			
Non-current liabilities			
Borrowings	15	12,258,849	14,616,811
Deferred income tax liabilities		4,136,696	2,738,165
Total non-current liabilities		**16,395,545**	**17,354,976**
Current liabilities			
Borrowings		607,478	429,711
Insurance reserves	17	1,268,032,590	636,802,954
Trade and other payables	16	1,016,031,258	352,987,255
Income tax payables		-	85,574
Total current liabilities		**2,284,671,326**	**990,305,494**
TOTAL LIABILITIES		**2,301,066,871**	**1,007,660,470**
TOTAL EQUITY AND LIABILITIES		**2,739,305,567**	**1,203,288,459**

Approved for issue and signed on____________________

Jakhongir Yunusov
Chairman of the Board
Tashkent, Uzbekistan

Nadejda Salidjanova
Chief Accountant
Tashkent, Uzbekistan

In thousands of Uzbekistan Soums	Note	2023	2022
Insurance revenue	18	1,639,648,413	870,820,089
Net expenses from reinsurance contracts held		(491,906,127)	(152,772,217)
Change in insurance reserves		(388,460,781)	(279,252,224)
Insurance service expenses	19	(704,176,048)	(365,268,140)
Insurance service results		**55,105,457**	**73,527,508**
Selling, general and administrative expenses	20	(66,539,246)	(41,452,513)
Other operating income	21	146,940,050	50,829,190
Operating profit		**135,506,261**	**82,904,185**
Finance income	22	70,308,760	39,718,570
Finance costs		(10,223,638)	(5,909,071)
Net foreign exchange loss		(23,707,277)	(1,922,177)
Profit before income tax		**171,884,106**	**114,791,507**
Income tax expense	23	(29,273,399)	(19,264,133)
Profit for the year		**142,610,707**	**95,527,374**
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**142,610,707**	**95,527,374**

In thousands of Uzbekistan Soums	**Share capital**	**Retained earnings**	**Total**
Balance at 1 January 2022	**52,000,000**	**30,144,823**	**82,144,823**
Profit for the year	-	95,527,374	95,527,374
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	95,527,374	95,527,374
Contribution to share capital	20,000,000	-	20,000,000
Dividends declared	-	(2,044,208)	(2,044,208)
Balance at 31 December 2022	**72,000,000**	**123,627,989**	**195,627,989**
Profit for the year	-	142,610,707	142,610,707
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	142,610,707	142,610,707
Contribution to share capital	303,000,000	-	303,000,000
Dividends declared	-	(203,000,000)	(203,000,000)
Balance at 31 December 2023	**375,000,000**	**63,238,696**	**438,238,696**

In thousands of Uzbekistan Soums	2023	2022
Cash flows from operating activities		
Profit before income tax	171,884,106	114,791,507
Adjustments for:		
Depreciation of property, plant and equipment	18,417,069	11,001,145
Amortisation of intangible assets	843,939	169,405
Net allowances for bad and doubtful accounts	121,831	204,614
Net foreign exchange loss	23,707,277	1,922,177
Finance income	(70,308,760)	(39,718,570)
Finance costs	10,223,638	5,909,071
Other non-cash operating income	-	(77,555)
Other non-cash operating costs	347,906	764,050
Operating cash flows before working capital changes	**155,237,006**	**94,965,844**
Changes in working capital:		
Trade and other receivables	(24,775,866)	28,812,158
Prepayments	(170,512,089)	(14,823,364)
Inventories	21,873	(319,871)
Other assets	(25,602,571)	14,052,029
Trade and other payables	604,719,068	269,690,082
Income tax payables	(6,072,821)	-
Insurance reserves	395,377,314	298,418,160
Changes in working capital	**928,391,914**	**690,795,038**
Interest paid	(3,416,971)	(592,985)
Interest received	67,616,930	5,640,760
Income tax paid	(250,856)	(11,005,273)
Net cash from operating activities	**992,341,017**	**684,837,540**
Cash flows from investing activities		
Purchase of property, plant and equipment	(567,158,623)	(298,306,681)
Proceeds from sale of property, plant and equipment	1,353,624	1,353,624
Purchase of intangible assets	(16,500,491)	(4,815,786)
Loans issued	(47,538,945)	(26,393,309)
Repayment of loans issued	39,862,476	10,265,189
Net cash used in investing activities	**(589,981,959)**	**(317,896,963)**
Cash flows from financing activities		
Repayment of borrowings	(17,585,219)	(14,296,030)
Capital contributions from participants	303,000,000	18,000,019
Dividends paid to the shareholders	(203,000,000)	-
Net cash from financing activities	**82,414,781**	**3,703,989**
Effect of exchange rate changes on cash and cash equivalents	319,448	175,373
Cash and cash equivalents at the beginning of the year	**542,959,324**	**172,139,385**
Cash and cash equivalents at the end of the year	**1,028,052,611**	**542,959,324**

1 Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023 for "APEX INSURANCE" JSC (the "Company") and its subsidiaries (the "Group").

The Company was incorporated and domiciled in the form of limited liability company ("LLC") in the territory of the Republic of Uzbekistan in accordance with the Registration File # 626994 by the Ministry of Justice of the Republic of Uzbekistan on 3 August 2018. Legal form was changed into JSC on 22 January 2022.

As of 31 December 2023, and 31 December 2022 the shares of the Group's participants were as follows:

		31 December 2023		31 December 2022
In thousands of Uzbekistan Soums	**% ownership**	**Nominal amount**	**% ownership**	**Nominal amount**
MUXITDINOV X.	78.88%	295,800,000	23.31%	16,779,730
PULATOVA M.	15.12%	56,700,000	10.97%	7,897,380
MUXITDINOVA M.	6.00%	22,500,000	19.42%	13,982,560
ORIENT INVEST GROUP LLC	0.00%	-	46.31%	33,340,330
Total share capital	**100%**	**375,000,000**	**100%**	**72,000,000**

Principal activity. The Group's principal business activity is insurance both in voluntary and mandatory under 17 classes of insurance as well as reinsurance, such as:

No. of class	Name of class
Class 1	Accident insurance
Class 2	Sickness insurance
Class 3	Land vehicles damage or loss insurance
Class 4	Railway damage or loss insurance
Class 5	Aircraft damage or loss insurance
Class 6	Ships damage or loss insurance
Class 7	Goods in transit insurance
Class 8	Property insurance due to fire and natural disasters
Class 9	Property damage or loss insurance
Class 10	Motor liability insurance
Class 11	Aviation liability insurance
Class 12	Marine liability insurance
Class 13	General liability insurance
Class 14	Credit insurance
Class 15	Suretyship insurance
Class 16	Miscellaneous financial losses
Class 17	Legal expense insurance

The license on voluntary insurance was obtained from Ministry of Finance of the Republic of Uzbekistan on 27 September 2018. The license on mandatory insurance and reinsurance was obtained from Ministry of Finance of the Republic of Uzbekistan on 15 April 2019.

Registered address and place of business. The Company's registered address and place of business is 154A Buyuk Ipak Yuli str, Mirza Ulugbek district, Tashkent, Republic of Uzbekistan.

As at 31 December 2023 and 2022, the Group had in total 535 and 357 employees, respectively.

Presentation currency. The functional currency of the Group, which is the currency of the primary economic environment in which the Group operates and the presentation currency is the national currency of the Republic of Uzbekistan, Uzbek Soum ("UZS").These consolidated financial statements are presented in thousands of Uzbek Soums ("UZS"), unless otherwise indicated.

1 Introduction (Continued)

Subsidiaries. These consolidated financial statements include the following subsidiaries (domiciled in Uzbekistan):

Name of Subsidiaries	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
APEX LIFE JSC	Life insurance	100%	100%	Uzbekistan
APEX ASSIST LLC	Medical assist	100%	100%	Uzbekistan

2 Operating Environment of the Group

Republic of Uzbekistan. The Uzbekistan economy displays characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Also, the Insurance sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments.

Uzbekistan experienced following key economic indicators in 2023:

- Inflation(www.stat.uz) : 8.8% (2022: 12.3%)
- GDP growth (www.stat.uz) 6% (2022: 5.7%).
- Central Bank refinancing rate (www.cbu.uz) – 14% (2022: 15%).

At 31 December 2023, the principal rate of exchange used for translating foreign currency balances was USD 1 = UZS 12,338.77 (31 December 2022: USD 1 = UZS 11,225.46). The principal average rate of exchange used for translating income and expenses was USD 1 = UZS 11,738.08 (2022: USD 1 = UZS 11,045.7).

Influence of geopolitical events in the world. In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions are intended to have a negative economic impact on the Russian Federation. This conflict affected some export-import operations of the Uzbekistan's legal entities, there has been increased in volatility in the currency markets and export-import operations. In order to minimize the impact on consumers, the Government of Uzbekistan adopted the relevant regulatory Documents.

After some decrease in the degree of influence of the external environment due to geopolitical events around Ukraine and Russia on the economy of the Republic of Uzbekistan, on March 17, 2023, the Board of the Central Bank of the Republic of Uzbekistan decreased the CBU refinancing rate by 1% to 14%.

For the purpose of managing the country risk, the Group controls transactions with counterparties within the limits set by the Group's collegial body, which are reviewed regularly. The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance.

The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results..

3 Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI").

3 Significant Accounting Policies (Continued)

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Refer to Note 5.

Going concern. Management prepared these consolidated financial statements on a going concern basis.

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Group controls because the Group has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another Group. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made.

The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities are measured at their fair values at the acquisition date.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Financial instruments – key measurement terms. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the Group. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price. Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, nancing costs or internal administrative or holding costs.

3 Significant Accounting Policies (Continued)

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group uses discounted cash flow valuation techniques to determine the fair value of currency swaps that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique with level 3 inputs.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Refer to Note 4 for critical judgements applied by the Group in determining the business models for its financial assets.

3 Significant Accounting Policies (Continued)

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 4 for critical judgements applied by the Group in performing the SPPI test for its financial assets.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

As an exception, for certain financial instruments, such as credit cards, that may include both a loan and an undrawn commitment component, the Group measures expected credit losses over the period that the Group is exposed to credit risk, that is, until the expected credit losses would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. This is because contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to such contractual notice period.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

3 Significant Accounting Policies (Continued)

Financial assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners. In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss, under "Gain less losses from modification of financial assets measured at amortised cost, that did not lead to derecognition" line.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. 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% different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include 80 percent of mandatory reserve deposits (Group can use this amount for liquidity in any time, but should save average amount for a day at the during the month) with the CBU and all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Group, including amounts charged or credited to current accounts of the Group's counterparties held with the Group, such as loan interest income or principal collected by charging the customer's current account or interest payments or disbursement of loans credited to the customer's current account, which represents cash or cash equivalent from the customer's perspective.

3 Significant Accounting Policies (Continued)

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings and improvements	20 - 35
Computer and office equipment	5 - 10
Motor vehicles	3 - 6
Other	5 - 10

Investment property. Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In the absence of current prices in an active market, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Earned rental income is recorded in profit or loss for the year within other income. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

3 Significant Accounting Policies (Continued)

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

Taxation. The Group was subject to pay the following taxes and mandatory contributions during the reporting period:

- Corporate income tax;
- Value added tax;
- Property tax;
- Land tax;
- Water tax (on the ground);
- Unified social tax.

Furthermore, the Group acts as a tax agent of tax authorities and is responsible for the withholding and payment of relevant taxes and mandatory contributions on remunerations of its employees and dividends of participants.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax expense comprises current tax and deferred tax and is recognised in profit or loss for the year.

Current tax is the amount expected to be paid to the taxation authorities in respect of taxable profits for the current period. Taxable profits are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are netted only within the individual companies of the Group.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Charter capital. Participants' contributions to the charter capital are classified as equity. Contributions made to charter capital in the form of tangible and intangible assets are recognised at their fair value at the time of contribution.

3 Significant Accounting Policies (Continued)

Intangible assets. The Group's intangible assets other than goodwill have definite useful life and primarily include capitalised computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Summary of measurement approaches for insurance contracts. The Group uses different measurement approaches, depending on the type of contracts, as follows:

Contracts held	Product classification	Measurement model
Term life insurance contracts	Insuranc contracts	General measurement model
Universal life insurance contracts	Insurance contracts without direct participation features	General measurement model
Direct participating contracts	Insurance contracts with direct participation features	Variable fee approach
Investment contracts with DPF	Insurance contracts with direct participation features	General measurement model
Investment contracts without DPF	Financial instruments	Financial liabilities measured at FVTPL
Automobile insurance	Insurance contracts	Premium allocation approach for policies issued (with coverage of one year or less)
		General measurement model for contracts acquired in the run-off period
Reinsurance contracts held		
Term life - quota share reinsurance	Reinsurance contracts held	General measurement model
Automobile third party liability - excess of loss reinsurance	Reinsurance contracts held	Premium allocation approach for policies issued (with coverage of one year or less)

Definition and classification of insurance contacts. Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement a to assess whether contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without DPF issued by the Group fall under this category.

Some investment contracts issued by the Group contain DPF, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17.

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

3 Significant Accounting Policies (Continued)

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contract terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary

Investment components in Savings and Participating products comprise policyholder account values less applicable surrender fees.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value- of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that do not vary based on the returns on underlying items. The measurement approach for instance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 (referred to as the GMM) to reflect that the consideration an entity receives for the contracts is a variable fee.

Direct participating contracts issued by the Group are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these groups of contacts under the VFA.

All other insurance contracts originated by the Group are without direct participation features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose tie reinsurance to the possibility of a significant loss.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

Unit of account. The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.
For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that 'all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

3 Significant Accounting Policies (Continued)

For Life Risk and Savings product lines, sets of contracts usually correspond to policyholder pricing groups that the Group determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Group monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing groups with no information available at a more granular level.

Contracts issued within Participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous as at initial recognition.

Automobile insurance contracts acquired in the run-off period in 2019 were included in a single group of contracts and assessed as having no significant possibility of becoming onerous through the pre-acquisition due diligence performed.

For other automobile contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. Similar to Life Risk and Savings contracts, this assessment is performed at a policyholder pricing groups level.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Transition approaches that were applied by the Group on adoption of IFRS 17 with respect to contracts aggregation requirements are included in Methods used and judgements applied in determining the IFRS 17 transition amounts.

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts.

Recognition and derecognition. Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognised at the dare the Group becomes a party to the contract.

3 Significant Accounting Policies (Continued)

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Group does not recognise a group of quota share reinsurance contracts held until it has recognised at least one of the underlying insurance contracts.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

Accounting for contract modification and derecognition. An insurance contract is derecognised when it is:

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

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract

i. is not in scope of IFRS 17;

ii. results in different separable components;

iii. results in a different contract boundary; or iv. belongs to a different group of contracts;

b. the original contract represents an insurance contra t with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

3. Significant Accounting Policies (Continued)

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

a. Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.

b. Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition :

i. If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.

ii. If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.

iii. If the original contract is modified resulting in its derecognirion, in the amount of the FCF adjustment in a. adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received.

c. Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged • immediately to profit or loss:

a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party;

c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Fulfilment cash Dows within contract boundary. The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability weighted mean of the full range of possible outcomes;

b. are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and

c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the UC.

3. Significant Accounting Policies (Continued)

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary. The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

ii . the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included .

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Group until they are exercised.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Group to deliver cash at a present or future date.

3. Significant Accounting Policies (Continued)

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

The Group's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year' s boundary are included in each of the reinsurance contracts' measurement.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs. The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

a. costs directly attributable to individual contracts and groups of contracts; and

b. costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognised, the Group could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognised.

Risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed further.

Contractual service margin. The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a. the initial recognition of the FCF;

b. the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and

c. cash flows arising from the contracts in the group at that date.

3. Significant Accounting Policies (Continued)

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss.

For reinsurance contracts held, the CSM represents a. deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a. the initial recognition of the FCF; and

b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

Subsequent measurement. The carrying amount at the end of each reporting period of a group of insurance contract s issued at the is the sum of:

a. the LRC, comprising:

i. the FCF related to future service allocated to the group at that date; and

ii the SM of the group at that date; and

b. the UC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a. the remaining coverage, comprising:

i. the FCF related to future service allocated to the group at that date; and

ii. the CSM of the group at that date; and

b. The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows. The FCF are updated by the Group for current assumptions at the end of every reporting period , using the current estimates of the amount, riming and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a. changes that relate to current or past service are recognised in profit or loss; and

b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

3. Significant Accounting Policies (Continued)

a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

d. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a.-c. are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;

b. changes in the FCF relating to the U C; and

c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For investment contracts with DPF that are measured under the GMM and provide the Group with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as. relating to future service and accordingly adjusts the CSM. At inception of such contracts, the Group specifies its commitment as crediting interest to the policyholder's account balance based on the return on a pool of assets less a spread. The effect of discretionary changes in the spread on the FCF adjusts the CSM while the effect of changes in assumptions that relate to financial risk on this commitment are reflected in insurance finance income or expenses.

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognised in insurance finance expenses.

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

a. changes in the Group's share of the (air value of the underlying items; and

b. changes in the FCF that do not vary based on the returns of underlying items:

i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;

ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

iii. charges in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

v. changes in the risk adjustment for non-financial risk that relate to future service. Adjustments ii.-v. are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

3. Significant Accounting Policies (Continued)

a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;

b. changes in the FCF that do not vary based on the returns of underlying items:

i. changes in the FCF relating to the LIC; and

ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

Changes to the contractual service margin. For insurance contracts issued, at the end of each reporting period (which the Group defines as three-month interim), the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.

b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.

c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

d. The effect of any currency exchange differences.

e. The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

Interest accretion on the CSM. Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied t nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM far changes in the FCF relating to future service. The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss. The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the, CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

3. Significant Accounting Policies (Continued)

For contracts issued, the Group determines the coverage period for the CSM recognition as follows:

a. for term life and universal life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk;

b. for direct participating contracts and for investment contracts with DPF, the coverage period corresponds to the period in which insurance or investment management services are expected to be provided; and

c. for automobile insurance contracts acquired in the run-off period, management estimates the expected timeframe over which the ultimate cost of the claims is expected to be determined.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;

b. the expected coverage duration of contracts in the group; and

c. the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits.

The Group determines coverage units as follows:

a. for term life and universal life insurance contracts, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;

b. for direct participating contracts, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;

c. for investment contracts with DPF, coverage units are based on policyholders' account values;

d. for automobile insurance contracts acquired in the run-off period, coverage units are based on the expected amount of claims covered in the period and the expected amount of claims remaining to be covered in future periods.

The Group reflects the time value of money in the allocation of the CSM to coverage units except for the automobile insurance contracts acquired in the run-off period.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the Contract boundary section.

Onerous contracts - Loss component. When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as loss component of the LRC.

3. Significant Accounting Policies (Continued)

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. expected incurred claims and expenses for the period;

b. changes in the risk adjustment for non-financial risk for the risk expired; and

c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Initial and subsequent measurement. The Group uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for originated automobile insurance contracts as each of these contracts has a coverage period of one year or less.

The portfolio of the automobile insurance contracts .in the run-off period acquired in 20X4 is considered protection against adverse ultimate loss development with a coverage period of more than one year. The respective groups of acquired contracts do not meet the PAA eligibility criteria and have been measured under the GMM.

The excess of loss reinsurance contracts held provide coverage on the automobile insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash £lows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and

b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and

b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

3. Significant Accounting Policies (Continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period;
b. decreased for insurance acquisition cash £lows paid in the period;
c. decreased for the amounts of expected premiums received recognised as insurance revenue for the serv1ces provided in the period; and
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
a. increased for ceding premiums paid in the period; and
b. decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since automobile insurance contracts issued by the Group and measured under the PAA typically have a settlement period of over one year.

If a group of contracts becomes onerous, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses. Subsequently, the Group amortises the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

Insurance revenue. As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following: Amounts relating to the changes in the LRC:

a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
i. amounts related to the loss component;
ii. repayments of investment components;
iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
b. changes in the risk adjustment for non-financial risk, excluding:
i. changes included in insurance finance income (expenses);
ii. changes that relate to future coverage (which adjust the CSM); and
iii. amounts allocated to the loss component;

c. amounts of the CSM recognised in profit or loss for the services provided in the period; and

d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

3. Significant Accounting Policies (Continued)

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses. Insurance service expenses include the following:

a. incurred claims and benefits excluding investment components;
b. other incurred directly attributable insurance service expenses;
c. amortisation of insurance acquisition cash flows;
d. changes that relate to past service (i.e. changes in the FCF relating to the LIC; and
e. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components)

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Net income (expenses) from reinsurance contracts held. The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. incurred claims recovery;
c. other incurred directly attributable insurance service expenses;
d. effect of changes in risk of reinsurer non-performance;
e. for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

a. insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;

b. changes in the risk adjustment for non-financial risk, excluding:

i. changes included in finance income (expenses) from reinsurance contracts held; and
ii. changes that relate to future coverage (which adjust the CSM);
c. amounts of the CSM recognised in profit or loss for the services received in the period; and
d. ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

3. Significant Accounting Policies (Continued)

Insurance finance income or expenses. Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. . the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a. interest accreted on the FCF and the CSM;
b. the effect of changes in interest rates and other financial assumptions; and
c. foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

a. changes in the fair value of underlying items;
b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a. interest accreted on the LIC; and
b. b. the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM and the PAA, "the Group includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option (the PL option) is applied).

For the contracts measured using the VFA, the OCI option is applied. As the Group holds the underlying items for these contracts, the use of the OCI option results in the elimination of accounting mismatches with income or expenses included in profit or loss on the underlying assets held. The amount that exactly matches income or expenses recognised in profit or loss on underlying assets is included in finance income or expenses from insurance contracts issued. The remaining amount of finance income or expenses from insurance contracts issued for the period is recognised in OCI.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at AC.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Preference shares which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised as interest expense on an AC basis, using the effective interest method.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the consolidated financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the current year net profit.

Interest income and expense recognition. Interest income and expense are recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within 'other similar income' line in profit or loss.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

Useful lives of property, plant and equipment. The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Discount rates. A mix of the bottom-up and top-down approaches was applied in the determination of the discount rates for different products.

The bottom-up approach was used to derive the discount rate for the cash flows that do not vary based on the returns on underlying items in the Participating contracts (excluding investment contracts without DPF that are not in the scope of IFRS 17). Under this approach, the discount rate is determined as the risk free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk free yield and the relevant liability cash flows (known as an illiquidity premium). The risk free yield was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgement to assess liquidity characteristics of the liability cash flows. Direct participating contracts and investment contracts with DPF are considered less liquid than the financial assets used to derive the risk free yield. For these contracts, the illiquidity premium was estimated based on market observable liquidity premium in financial assets adjusted to reflect the illiquidity characteristics of the liability cash flows.

The top-down approach was used to derive the discount rates for the cash flows that do not vary based on the returns on underlying items in all other contracts within the scope of IFRS 17. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio comprises a mix of sovereign and corporate bonds available on the markets. The assets were selected in order to match the liability cash flows. The yield from the reference portfolio was adjusted to remove both expected and unexpected credit risk. These adjustments were estimated using information from observed historic levels of default and credit default swaps relating to the bonds included in the reference portfolio.

Estimates of future cash flows to fulfill insurance contracts. Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Where estimates of expenses related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis such as activity based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. Claims settlement related expenses are allocated based on the number of claims expected for all groups except for Property and Casualty insurance where such expenses are allocated based on claims costs.

For the Life Risk and Savings contracts, uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of long-term changes in the mortality rates, the variability in the policyholder behaviour and uncertainties regarding future inflation rates and expenses growth.

For the Participating contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the variability in policyholder behaviour. The interest rate guarantee embedded in investment contracts with DPF was measured using stochastic modelling because the gurantantee does not move symmetrically with different interest rate scenarios. The guarantee was measured using a full range of scenarios representing possible future interest rate environments.

For the Property and Casualty contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Significant methods and assumptions used are discussed below.

Mortality - Life Risk, Savings and Participating contracts (excluding investment contracts without DPF). The Group derives mortality rates assumptions from the recent credible national mortality tables published by the Life Insurance Actuarial Society. An investigation into the Group's experience over the most recent five years is performed, and statistical methods are used to adjust the mortality tables to produce the probability weighted expected mortality rates in the future over the duration of the insurance contracts. Mortality rates are differentiated between policyholder groups based on gender and smoker status.

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

Persistency - Life Risk, Savings and Participating contracts (excluding investment contracts without DPF). The Group derives assumptions about lapse and surrender rates based on the Group's own experience. Historical lapse and surrender rates are derived from the Group's policy administration data. An analysis is then performed of the Group's historical rates in comparison to the assumptions previously used.

Statistical methods are used to derive adjustments to reflect the Group's own experience and any trends in the data to arrive at the probability weighted expected lapse and surrender rates. Analysis is performed and assumptions are set by major product line.

Possible increases in lapse and surrender rates may increase or decrease estimates of future cash outflows and thus decrease or increase the CSM depending on the product specifics.

Expenses - Life Risk, Savings and Participating contracts (excluding investment contracts without DPF) and Property and Casualty contracts. The Group projects estimates of future expenses relating to fulfilment of contracts in o the scope of IFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads . In addition, under certain methods used to assess claims incurred for the Property and Casualty contracts, estimates of future claim payments are adjusted for inflation.

Where asset management services are provided for the insurance operational segments as part of contractual arrangements with policyholders, the Group projects future expenses based on the direct costs as incurred by the Group rather than based on management fees charged explicitly to the policyholder account values or internal fees charged to the insurance operating segments for providing these services.

The expense inflation assumption is based on Oneland's retail price inflation swap curve adjusted to the Group's own experience and is considered to be a non-financial risk. The Group has not changed its methods or assumptions used to project expenses in 2023.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the CSM within the LRC for contracts measured under the GMM and increase the LIC for Property and Casualty contracts measured under the PAA.

Methods used to measure Property and Casualty contracts. The Group estimates insurance liabilities in relation to claims incurred for automobile insurance separately for property damage and third party liability coverage and for major products. Estimates are performed on an accident year basis with further allocation to annual cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contracts.

The most common methods used to estimate property damage claims incurred are the chain-ladder and the Bornhuetter Ferguson methods, which are the industry standards for this type of claims.

The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year. The chain-ladder technique is the most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. The chain-ladder technique is less suitable in cases in which the Group does not have a developed claims history for a particular type of claims.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as gross or reinsurance premiums; the latter is based on the paid or incurred claims to date. The two estimates ate combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (i.e. the recent accident years or new products).

For the bodily injury claims incurred estimations, the Group uses the frequency severity method. The estimated cost of claims for each year and each class is the product of the projections of claims number and the average claims sizes adjusted for inflation projections. These amounts are then summed up over years subject to maximum loss payable under the terms of the policies.

The Group has not changed the methods used to estimate incurred claims in 2023 with the exception of a small number of policy groups where the Group now has sufficient claims statistics to apply the chain-ladder method instead of the Bornhuetter-Ferguson method, which was previously used. The change in method applied bad no significant impact on the consolidated financial statements of the Group.

In its claims incurred assessments, the Group uses internal and market data. Internal data is derived mostly from the Group's claims reports. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims. Market data consists of inflation projections, large claims threshold, large claims quantity, market claims ratios and other.

Methods used to measure the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The cost of capital method was used to derive the overall risk adjustment for noni financial risk. Io the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non -financial risk. The cost rate is set at 6% per annum representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level and is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies as this reflects the compensation that the entity requires. The resulting amount of the calculated risk adjustment corresponds to the confidence level of 80% (2022 - 80%).

5 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Group has not early adopted.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. The Group is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The new disclosure requirements will be effective for the annual reporting periods beginning on or after 1 January 2024. The Group is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

6 Balances and transactions with Related Partied

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2023, the outstanding balances with related parties were as follows:

In thousands of Uzbekistan Soums	Participants	Entities under common control	Employees	Total
Loans issued	-	-	2,196,283	**2,196,283**
Borrowings	-	10,851,932	-	**10,851,932**

6 Balances and transactions with Related Partied (Continued)

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

In thousands of Uzbekistan Soums	Participants	Entities under common control	Employees	Total
Finance income	-	-	230,669	**230,669**
Finance costs	-	4,689,175	-	**4,689,175**

At 31 December 2022, the outstanding balances with related parties were as follows:

In thousands of Uzbekistan Soums	Participants	Entities under common control	Employees	Total
Loans issued	-	-	1 923 558	**1 923 558**
Borrowings	4 224 131	10 792 970	-	**15 017 101**

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In thousands of Uzbekistan Soums	Participants	Entities under common control	Employees	Total
Finance income	-	-	130 669	**130 669**
Finance costs	2 486 477	2 794 454	-	**5 280 931**

7 Property, Plant and Equipment

In thousands of Uzbekistan Soums	Buildings and improve-ments	Motor vehicles	Computer and office equipment	Other assets	Assets under finance lease	Advances, contruction in progress and equipment for installment	Total
Cost at 1 January 2022	52,456,298	117,257	6,368,229	1,857,342	25,894,315	86,484,700	173,178,141
Accumulated depreciation	(2,630,062)	(38,668)	(1,582,775)	(450,881)	(6,256,916)	-	(10,959,302)
Carrying amount at 1 January 2022	**49,826,236**	**78,589**	**4,785,454**	**1,406,461**	**19,637,399**	**86,484,700**	**162,218,839**
Additions	-	-	-	-	20,500	309,335,998	309,356,498
Transfer from CIP to PPE	45,458,000	637,637	2,424,166	649,254	11,106,757	(60,275,814)	-
Depreciation charge	(2,838,998)	(98,458)	(1,359,339)	(342,241)	(5,983,888)	-	(10,622,924)
Carrying amount at 31 December 2022	**92,445,238**	**617,768**	**5,850,281**	**1,713,474**	**23,427,144**	**335,544,884**	**459,598,789**
Cost at 31 December 2022	97,914,298	754,894	8,792,395	2,506,596	34,560,437	335,544,884	480,073,504
Accumulated depreciation	(5,469,060)	(137,126)	(2,942,114)	(793,122)	(11,133,293)	-	(20,474,715)
Carrying amount at 31 December 2022	**92,445,238**	**617,768**	**5,850,281**	**1,713,474**	**23,427,144**	**335,544,884**	**459,598,789**
Additions	-	-	-	-	20,500	582,206,540	582,227,040
Disposals	-	-	-	-	(1,353,624)	-	(1,353,624)
Transfer from CIP to PPE	32,065,221	3,070,411	10,641,019	1,299,487	14,304,839	(61,380,977)	-
Depreciation charge	(5,316,949)	(712,225)	(2,728,029)	(506,025)	(8,775,620)	-	(18,038,848)
Carrying amount at 31 December 2023	**119,193,510**	**2,975,954**	**13,763,271**	**2,506,936**	**27,623,239**	**856,370,447**	**1,022,433,357**
Cost at 31 December 2023	129,591,298	7,999,371	19,425,269	3,806,085	42,520,419	856,370,447	1,059,712,889
Accumulated depreciation	(10,397,788)	(5,023,417)	(5,661,998)	(1,299,149)	(14,897,180)	-	(37,279,532)
Carrying amount at 31 December 2023	**119,193,510**	**2,975,954**	**13,763,271**	**2,506,936**	**27,623,239**	**856,370,447**	**1,022,433,357**

At 31 December 2023 buildings with NBV of UZS 22,211,385 (2022: 25,085,593) thousands have been pledged to third parties as collateral for borrowings.

Advances, construction in progress and equipment for instalment category consists of mainly from advances for buildings.

8 Intangible Assets

In thousands of Uzbekistan Soums	Software	Other intangible assets	Acquisition of intangible assets	Total
Cost at 1 January 2022	2,660,147	200,000	2,622,770	5,482,917
Accumulated depreciation	(28,234)	-	-	(28,234)
Carrying amount at 1 January 2022	**2,631,913**	**200,000**	**2,622,770**	**5,454,683**
Additions	4,765,030	-	50,756	4,815,786
Depreciation charge	(169,405)	-	-	(169,405)
Cost at 31 December 2022	7,425,177	200,000	2,673,526	10,298,703
Accumulated depreciation	(197,639)	-	-	(197,639)
Carrying amount at 31 December 2022	**7,227,538**	**200,000**	**2,673,526**	**10,101,064**
Additions	-	-	16,500,491	16,500,491
Transfer	18,012,491	-	(18,012,491)	-
Depreciation charge	(843,939)	-	-	(843,939)
Cost at 31 December 2023	25,437,668	200,000	1,161,526	26,799,194
Accumulated depreciation	(1,041,578)	-	-	(1,041,578)
Carrying amount at 31 December 2023	**24,396,090**	**200,000**	**1,161,526**	**25,757,616**

9 Investment Property

The table below table summarizes the carrying amount of the Group's investment property. The property is rented by third parties.

In thousands of Uzbekistan Soums	31 December 2023	31 December 2022
Cost of Investment Property	11,555,800	11,555,800
Accumulated depreciation of Investment Property	(1,558,340)	(1,180,119)
Carrying amount of Investment Property	**9,997,460**	**10,375,681**

10 Loans issued

In thousands of Uzbekistan Soums	31 December 2023	31 December 2023
Loans to other individuals	7,234,561	41,515
Loans to employees	2,196,283	1,923,558
Total carrying amount of loans at AC	**9,430,844**	**1,965,073**

The loans to employees are paid off over 3 months to 4 years (depending on the amount) mainly with the interest rate of 8%-17%. These loans are repaid on a timely basis and therefore classified as "excellent" by credit quality.

11 Trade and Other Receivables

In thousands of Uzbekistan Soums	31 December 2023	31 December 2022
Reinsurance receivables	26,109,187	-
Insurance receivables - from agents	5,128,579	3,688,665
Interest receivables on investment assets	679,175	4,092,417
Insurance receivables - from clients	199,332	36,790
Other receivables	936	851
Less credit loss allowance	(586,316)	*(464,485)*
Total trade and other receivables	**31,530,893**	**7,354,238**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

12 Cash and Cash Equivalents

In thousands of Uzbekistan Soums	31 December 2023	31 December 2023
Cash at bank - Deposit account	806,619,545	529,957,743
Cash at bank on demand - UZS	218,862,325	11,514,219
Cash at bank on demand - RUR	943,656	73,583
Cash at bank on demand - EUR	55,616	107,670
Cash at bank on demand - Corporate plastic cards	902,754	54,885
Cash at bank on demand - USD	668,715	1,251,224
Total cash and cash equivalents	**1,028,052,611**	**542,959,324**

The credit quality of cash and cash equivalents balances may be summarised based on Moody's ratings as "BB-" as of 31 December 2023 and 31 December 2022.

13 Prepayments

Below table illustrates prepayments as at year end:

In thousands of Uzbekistan Soums	31 December 2023	31 December 2022
Advances paid to domestic suppliers	182,078,315	15,434,930
Advances paid to foriegn suppliers	280,665	388,626
Total advances paid to suppliers	**182,358,980**	**15,823,556**

14 Share capital

All contributions to Share Capital were made fully from participants:

In thousands of Uzbekistan Soums		31 December 2023		31 December 2022
	% ownership	**Nominal amount**	**% ownership**	**Nominal amount**
MUXITDINOV X.	78.88%	295,800,000	23.31%	16,779,730
PULATOVA M.	15.12%	56,700,000	10.97%	7,897,380
MUXITDINOVA M.	6.00%	22,500,000	19.42%	13,982,560
ORIENT INVEST GROUP LLC	0.00%	-	46.31%	33,340,330
Total share capital	**100%**	**375,000,000**	**100%**	**72,000,000**

15 Borrowings

In thousands of Uzbekistan Soums	31 December 2023	31 December 2022
Short-term borrowings		
Orient Invest Group LLC	601,101	305,522
Orient Leasing Invest LLC	122,243	131,935
APEX Leasing LLC	31,816	6,776
ROODELL LLC	244	-
Total short-term borrowings	**755,404**	**444,233**

In thousands of Uzbekistan Soums	31 December 2023	31 December 2022
Long-term borrowings		
APEX LEASING INVEST	8,920,819	10,528,098
Orient Invest Group LLC	3,157,826	3,918,609
Orient Leasing Invest LLC	32,278	126,161
ROODELL LLC	-	29,421
Total borrowings	**12,866,327**	**15,046,522**

The Group entered into lease agreement for procurement of vehicles with interest rate of 20%-26% with maturity of 3 years.

The Group's borrowings are all denominated in UZS.

16 Trade and Other Payables

In thousands of Uzbekistan Soums	31 December 2023	31 December 2022
Insurance contract payables - reinsurance	485,763,365	138,490,323
Insurance contract payables - brokers	30,027,131	2,601,259
Payables to suppliers	2,111,599	1,559,174
Other payables	928,908	589,415
Total financial payables within trade and other payables at AC	**518,831,003**	**143,240,171**
Advances received from customers	495,173,564	200,555,456
Accrued employee benefit costs	1,600,396	819,261
Payables to State budgetary funds	274,854	214,939
Taxes other than income tax payables	151,441	8,243,002
Total trade and other payables	**1,016,031,258**	**353,072,829**

Payables to suppliers represent the amount payable for the real estate and inventories. Advances received from customers includes mainly advances received in local currency (UZS). Refer to the Note 27 below for disclosure of the fair value of each class of other financial liabilities.

17 Insurance Reserves

Below table illustrates detailed movement of insurance reserves:

In thousands of Uzbekistan Soums	Unerned premium reserve	Reserve for reported but unsettled losses	Life insurance reserves	Other reserves	Total
Net Insurance reserves 1 January 2022	**122,433,037**	**2,430,109**	**41,140,068**	**24,294,293**	**190,297,507**
Net Change in insurance reserves	341,210,970	(1,254,136)	16,043,936	65,586,216	421,586,986
Net Change in share of reinsurers	(107,682,462)	-	-	(16,154,304)	(123,836,766)
Insurance reserves at 31 December 2022	484,375,547	1,175,973	57,184,004	94,067,430	636,802,954
Share of reinsurers at 31 December 2022	(128,414,002)	-	-	(20,341,225)	(148,755,227)
Net Insurance reserves 31 December 2022	**355,961,545**	**1,175,973**	**57,184,004**	**73,726,205**	**488,047,727**
Net Change in insurance reserves	566,533,420	1,376,650	(42,551,938)	105,871,504	631,229,636
Net Change in share of reinsurers	(172,342,940)	-	-	(70,425,915)	(242,768,855)
Insurance reserves at 31 December 2023	1,050,908,967	2,552,623	14,632,066	199,938,934	1,268,032,590
Share of reinsurers at 31 December 2023	(300,756,942)	-	-	(90,767,140)	(391,524,082)
Net Insurance reserves 31 December 2023	**750,152,025**	**2,552,623**	**14,632,066**	**109,171,794**	**876,508,508**

18 Insurance Revenue

In thousands of Uzbekistan Soums	2023	2022
Revenue from volunatry insurance	1,494,148,582	754,516,003
Revenue from long-term life insurance	60,440,691	82,762,763
Revenue from mandatory insurance	84,160,238	33,058,426
Other	898,902	482,897
Total insurance revenue	**1,639,648,413**	**870,820,089**

19 Insurance service expenses

In thousands of Uzbekistan Soums	2023	2022
Insurance payments	602,436,124	332,186,698
Payments to agents	78,630,521	12,920,693
Payroll costs including social charges	9,111,274	7,312,453
Reserve of preventive measures	3,785,651	1,591,763
Rent expenses	1,238,553	1,393,251
Depreciation of property, plant and equipment & IA amortization	2,833,664	1,861,549
Inventory write-offs	2,223,585	1,568,819
Utilities	574,816	137,564
Other	3,341,861	6,295,350
Total insurance service expenses	**704,176,048**	**365,268,140**

20 Selling, General and Administrative Expenses

In thousands of Uzbekistan Soums	2023	2022
Payroll costs including social charges	17,402,349	8,150,823
Depreciation of property, plant and equipment & IA amortization	16,427,344	9,309,001
Fees and other charges	14,904,374	13,425,672
Taxes other than on income	4,117,567	2,358,792
Inventory write-offs	3,091,276	788,147
Business trip expenses	1,870,162	1,547,508
Selling expenses	1,759,825	1,693,408
Utilities	2,734,334	635,457
Charity	2,505,344	1,000,000
Rent expenses	761,144	594,307
Legal fees	3,203	606,945
Other	962,323	1,342,453
Total selling, general and administrative expenses	**66,539,246**	**41,452,513**

21 Other Operating Income

In thousands of Uzbekistan Soums	2023	2022
Reinsurance cancellation	80,628,059	-
Compensation received for recourse claims	60,139,495	47,747,219
Other	6,172,496	3,081,971
Total other operating income	**146,940,050**	**50,829,190**

22 Finance Income

In thousands of Uzbekistan Soums	2022	2022
Interest income on bank deposits	69,637,160	39,597,413
Interest income on loans issued to employees	671,600	121,157
Total finance income recognised in profit or loss	**70,308,760**	**39,718,570**

23 Income Tax

a) *Components of income tax*

In thousands of Uzbekistan Soums	2023	2022
Current tax	27,874,868	17,946,006
Deferred tax	1,398,531	1,318,127
Income tax expense for the year	**29,273,399**	**19,264,133**

b) *Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate*

The income tax rate applicable to the Group in 2023 is 15% (2022: 15%). A reconciliation between the expected and the actual taxation charge is provided below:

In thousands of Uzbekistan Soums	2023	2022
Profit before income tax	**171,884,106**	**114,791,507**
Theoretical tax charge at statutory rate of 15%	25,782,616	17,218,726
Tax effect of deductible / (taxable) temporary differences		
- Non-deductible expenses	3,490,783	2,045,407
Income tax expense for the year	**29,273,399**	**19,264,133**

24 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

As of 31 December 2023, and 31 December 2022, the Group did not have pending litigations or claims for significant amounts.

Taxation – the tax environment in the Republic of Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with Uzbekistan law and regulations can lead to the imposition of penalties and interest. The management believes that it has adequately provided for all tax liabilities in accordance with its interpretations of laws and regulations. However, the risk remains that relevant authorities could interpret tax laws and regulations differently and take differing positions with regard to interpretative issues, and as such, the effect could be significant. Consequently, additional taxes may be assessed including penalties and interest, which, however is not expected to be significant. No provision has been made for these contingencies.

24. Contingencies and Commitments (Continued)

The Group is liable for unified social payment and payroll related taxes and contributions. Laws related to these contributions have not been in force for significant periods, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents with regards to many issues have been established.

Assets pledged and restricted. At 31 December 2023, the Group has buildings pledged as collateral for borrowing. Please refer to note 7 for details.

Environmental matters. The enforcement of environmental regulation in the Republic of Uzbekistan is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated and are not expected material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

25 Financial Risk Management

Environmental, Social and Governance (ESG) matters. Since the concept of sustainability was introduced into the financial sector, a new type of risk has been emerging: sustainability risks, also referred to as environmental, social or governance (ESG) risks. These focus on the potential effect Group's stakeholders (such as customers, outsourcing suppliers, employees, or the environment) may exert and in reverse, the impact that the organization may have on its stakeholders and the environment due to its activities. The Group is subject to environmental and other laws and regulations in the Country it operates.

Environmental. The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Group is making progress on embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Climate Risk Committee, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories. In addition, the Group is re-evaluating its model landscape to incorporate climate-related risks and their impact on borrower's credit risk.

Social. To achieve the social goals of sustainable development, the Group carries out periodic engagements, trainings and awareness events with employees and customers covering a wide range of the sustainable development issues and its importance in Uzbekistan and the position of the Group as socially responsible employer. The Group is continuing to evaluate engagement, promotion and remuneration practices in terms of gender equality.

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

25. Financial Risk Management (Continued)

Credit risk. The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Credit risk management. Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by external international rating agencies (Standard & Poor's, "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding internal ratings	Corresponding ratings of external international rating agencies (S&P)	Corresponding PD interval
Excellent	[1 – 6]	AAA to BB+	0,01% – 0,5%
Good	[7 – 14]	BB to B+	0,51% – 3%
Satisfactory	[15 – 21]	B, B-	3% – 10%
Special monitoring	[22 – 25]	CCC+ to CC-	10% – 99,9%
Default	[26 – 30]	C, D-I, D-II	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent - strong credit quality with low expected credit risk;
- Good - adequate credit quality with a moderate credit risk;
- Satisfactory - moderate credit quality with a satisfactory credit risk;
- Special monitoring - facilities that require closer monitoring and remedial management; and
- Default - facilities in which a default has occurred.

The rating models are regularly reviewed by the Credit Risk Department, backtested on actual default data and updated, if necessary. Despite the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

25. Financial Risk Management (Continued)

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: investments in debt securities.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitments amounts to an on-balance sheet exposure within a defined period. The Group's management estimates that 12-month and lifetime CCFs are materially the same. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which the Group has a present contractual obligation to extend credit.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculated lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach or other.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such backtesting is performed at least once a year.

25. Financial Risk Management (Continued)

The results of backtesting the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a monthly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not follow the practice of entering into foreign exchange contracts to manage its foreign exchange risk on cash flows from (anticipated) business and financing arrangements denominated in foreign currencies.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

In thousands of Uzbekistan Soums	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
31 December 2023			
US dollars	338,547,061	442,588,032	**(104,040,971)**
Euro	55,616	35,343	**20,273**
Russian roubles	943,656	195,752	**747,904**
Total	**339,546,333**	**442,819,127**	**(103,272,794)**
31 December 2022			
US dollars	2,866,607	22,754,672	**(19,888,065)**
Euro	270,714	158,253	**112,461**
Russian roubles	1,030,512	433,868	**596,644**
Total	**4,167,833**	**23,346,793**	**(19,178,960)**

The above analysis includes only monetary assets and liabilities. The Group exposed to currency risk for import raw materials and fixed assets from foreign suppliers.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Group, with all other variables held constant:

In thousands of Uzbekistan Soums	**31 December 2023**	**31 December 2022**
Impact on profit or loss:		
US dollar strengthening by 4% (2021:3%; 2020: 10%)	(3,121,229)	(596,642)
US dollar weakening by 4% (2021:3%; 2020: 10%)	3,121,229	596,642
Euro strengthening by 2% (2021:-4%; 2020: 20%)	1,014	5,623
Euro weakening by 2% (2021:-4%; 2020: 20%)	(1,014)	(5,623)
RUB strengthening by 7% (2021: 4%)	29,916	23,866
RUB weakening by 7% (2021: 4%)	(29,916)	(23,866)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

25. Financial Risk Management (Continued)

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group is not exposed to risk of effects of fluctuation in market risk rates, as the Group's borrowings bear fixed interest rates. The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

In thousands of Uzbekistan Soums	Less than 6 months	From 6 to 12 months	More than 1 year	More than 5 years	Total
31 December 2023					
Total financial assets	1,069,014,348	-	-	-	1,069,014,348
Total financial liabilities	2,284,063,848	607,478	12,258,849	-	2,296,930,175
Net interest sensitivity gap at 31 December 2023	**(1,215,049,500)**	**(607,478)**	**(12,258,849)**	**-**	**(1,227,915,827)**
31 December 2022					
Total financial assets	550,901,393	587,831	789,411	-	552,278,635
Total financial liabilities	895,709,741	61,030,269	48,182,296	-	1,004,922,305
Net interest sensitivity gap at 31 December 2022	**(344,808,348)**	**(60,442,438)**	**(47,392,885)**	**-**	**(452,643,670)**

The Group does not have formal policies and procedures in place for the management of interest rate risks as management considers this risk as insignificant to the Group's business.

The Group monitors interest rates for its financial instruments. The table below summarises effective interest rates at the respective end of the reporting period based on reports reviewed by key management personnel:

	2023			2022		
in % p.a.	UZS	USD	Euro	UZS	USD	Euro
ASSETS						
Cash and cash equivalents	14%-21%	0%	0%	14%-20%	0%	0%
Trade and other receivables	0%	0%	0%	0%	0%	0%
Loans issued	1%-8%	-	-	1%-7%	-	-
LIABILITIES						
Borrowings	20%-27%	-	-	20%-26%	-	-
Trade and other payables	0%	0%	0%	0%	0%	0%

The sign "-" in the table above means that the Group does not have the respective assets or liabilities in the corresponding currency.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the middle management of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group's liquidity portfolio comprises mainly its cash and cash equivalents. However, The Group is one of the biggest productions in Central Asia, therefore, it can raise any borrowings in short period of time. Management estimates that the liquidity portfolio cash and bank deposits can be realised in cash within a week in order to meet unforeseen liquidity requirements.

26 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to participants, increase or decrease charter capital or sell assets to reduce debt. The amount of capital that the Group managed as of 31 December 2023 was in a positive amount of UZS 438,238,696 thousand (31 December 2022: positive amount of UZS 195,627,989 thousand).

27 Fair Value Disclosures

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety. Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31 December 2023			31 December 2022		
In thousands of Uzbekistan Soums	**Level 2 Fair value**	**Level 3 Fair value**	**Carrying value**	**Level 2 Fair value**	**Level 3 Fair value**	**Carrying value**
Financial assets						
Cash and cash equivalents	1,028,052,611	-	**1,028,052,611**	542,959,324	-	**542,959,324**
Loans issued	-	9,430,844	**9,430,844**	-	1,965,073	**1,965,073**
Trade and other receivables	-	31,530,893	**31,530,893**	-	7,354,238	**7,354,238**
Total financial assets	**1,028,052,611**	**40,961,737**	**1,069,014,348**	**542,959,324**	**9,319,311**	**552,278,635**
Financial liabilities						
Borrowings	-	12,866,327	**12,866,327**	-	15,046,522	**15,046,522**
Trade and other payables	-	1,016,031,258	**1,016,031,258**	-	352,987,255	**352,987,255**
Insurance reserves	-	1,268,032,590	**1,268,032,590**	-	636,802,954	**636,802,954**
Total financial liabilities	**-**	**2,296,930,175**	**2,296,930,175**	**-**	**1,004,836,731**	**1,004,836,731**

All other financial instruments of the Group are initially measured at fair value and subsequently carried at amortised cost.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

28 Subsequent events

There were no significant subsequent events after the reporting date.