

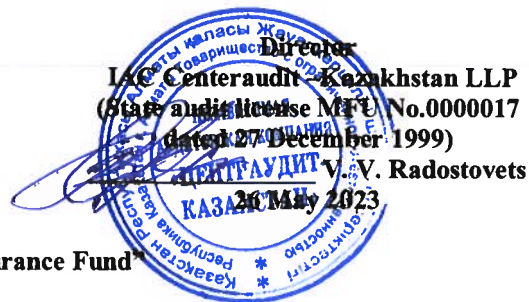
NJSC “Social Health Insurance Fund”

Financial Statements prepared
in the set form of the order of the Minister of Finance
of the Republic of Kazakhstan
No. 404 dated 28 June 2017
for the year ended
31 December 2022
and
Independent Auditor’s Report

NJSC "SOCIAL HEALTH INSURANCE FUND"

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To the Owner and Management of NJSC "Social Health Insurance Fund"

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of NJSC "Social Health Insurance Fund" (the Fund), which comprise the Balance Sheet (form 1-Б) as at 31 December 2022, Statement of Profit and Loss (Form 2-ОПУ), statement of cash flows (Form 3-ДДС-П), Statement of Changes in Equity (Form 5-ИК) for the year then ended and the notes to the financial including a short summary of the main provisions of the accounting policy, prepared in the form of order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017 "On approval of the list and forms of annual financial statements for publication by public interest organizations (except for financial organizations)" (order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017).

In our opinion, the accompanying financial statements of the Fund have been prepared, in all material respects, in accordance with order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017.

Basis for opinion

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

Emphasis of matter

Basis of Financial Reporting and Restriction of Use

Without qualifying our opinion, we draw your attention to the fact that the financial statements have been prepared by the Fund in accordance with the order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017 for publication purposes, and may not be suitable for other purposes.

Restatement of comparative information

Please note that the comparative information for the year ended 31 December 2021 has been restated. Please find detailed description of the restatement in Note 4 to the financial statements.

Other information

Financial statements under IFRS

The Fund has also prepared its financial statements for the year ended 31 December 2022 in accordance with International Financial Reporting Standards, for which we have issued an Independent Auditor's Report to the Fund's owner and management dated 26 May 2023.

Audit of the previous period

The audit of the Fund's financial statements for the year ended 31 December 2021 was conducted by another auditor, who expressed an unmodified opinion on these statements on 13 June 2022.

Responsibility of the Fund's management and those responsible for corporate governance for the financial statements

Management of the Fund is responsible for the preparation of these financial statements in accordance with order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for evaluating the Fund's ability to continue as a going concern, disclosing information related to going concern, as appropriate and preparing the financial statements



on a going concern basis unless management intends to liquidate the Fund, discontinue its operations or has no realistic alternative other than to liquidate or discontinue operations.

The persons responsible for corporate governance are responsible for overseeing the preparation of the Fund's financial statements.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Auditor
(Auditor's Qualification Certificate No. МФ-0000801 issued on 20 May 2019)

19, 1 B, Al-Farabi Avenue,
Nurly Tau, Off. 301, 302,
050059, Almaty, Republic of Kazakhstan.



S.S. Rubanov



**MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Management of NJSC "Social Health Insurance Fund" (the "Fund") is responsible for the preparation of financial statements that present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, the results of operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (the "IFRS") and in the format of order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017. "On approval of the list and forms of annual financial statements for publication by organizations of public Interest (other than financial organizations)" (order No. 404 of the Minister of Finance of the Republic of Kazakhstan dated 28 June 2017).

In preparing the financial statements, management is responsible for:

- proper selection and application of accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- applying proved and reasonable estimates and assumptions;
- providing additional disclosures when compliance with the requirements is not enough for users to understand the impact of particular transactions, other events and conditions on the financial position and results of the Fund; and
- the ability of the Fund to continue its activities in the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining of effective and reliable functionality of internal control system;
- maintaining an accounting system that allows at any time with a sufficient degree of accuracy to prepare information about the financial position of the Fund and ensure that the financial statements comply with the requirements of IFRS and the requirements of order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017;
- maintaining of accounting records in accordance with legislation of the Republic of Kazakhstan;
- adopting of measures within its competence to safeguard assets of the Fund; and
- detecting and preventing fraud and other irregularities.

The Fund's financial statements for the year ended 31 December 2022 were approved 26 May 2023.

Chairman of the Management Board

Chief Accountant

26 May 2023

Astana, Republic of Kazakhstan



Sabit Melamovich Akhmetov

Antonina Antonovna Miropolskaya



Balance Sheet
For the reporting period 2022

Submitted: to the Depository of Financial Statements in electronic format through the software

The administrative data form is posted on the Internet resource: www.minfin.gov.kz

Index of the administrative data form: No. 1 - Б (balance)

Frequency: annual

Circle of persons providing information: organizations of public interest based on the results of the financial year

Deadline for submission of the administrative data form: annually no later than August 31 of the year following the reporting year

Note: an explanation of filling out the report is given in the appendix to the form intended for collecting administrative data "Balance sheet"

Name of the company NJSC "Social Health Insurance Fund"

As at 31 December 2022

In thousands of Tenge

Assets	Line code	Note*	At the end of the reporting period	At the beginning of the reporting period **
I. Current assets:				
Cash and cash equivalents	10	5	1,543,791	2,121,024
Current financial assets measured at amortised cost	11		-	-
Current financial assets at fair value through other comprehensive income	12		-	-
Current financial assets carried at fair value through profit or loss	13		-	-
Current derivative financial instruments	14		-	-
Other Current financial assets	15		-	-
Current trade and other receivables	16	6	1,710,730	672,311
Current lease receivables	17		-	-
Current assets under contracts with customers	18		-	-
Current income tax	19	20	-	7,975
Inventories	20	7	82,280	36,334
Biological assets	21		-	-
Other current assets	22	8	35,402	28,399
Total current assets (sum of lines 010 to 022)	100		3,372,203	2,866,043
Assets (or disposal groups) held for sale	101			
II. Non-current assets				
Non-current financial assets measured at amortised cost	110		-	-
Non-current financial assets at fair value through other comprehensive income	111		-	-
Non-current financial assets carried at fair value through profit or loss	112		-	-
Non-current derivative financial instruments	113		-	-
Investments carried at cost	114		-	-
Equity accounted investments	115		-	-
Other non-current financial assets	116		-	-
Non-current trade and other receivables	117		-	-
Non-current lease receivables	118		-	-
Non-current assets under contracts with customers	119		-	-
Investment property	120		-	-



Property, plant and equipment	121	9	816,558	578,761
Right-of-use asset	122		-	-
Biological assets	123		-	-
Exploration and evaluation assets	124		-	-
Intangible assets	125	10	434,389	214,315
Deferred tax assets	126		-	-
Other non-current assets	127		-	-
Total non-current assets (sum of lines 110 to 127)	200		1,250,947	793,076
Balance (line 100 + line 101 + line 200)			4,623,150	3,659,119
Liability and equity	Line code	Note*	At the end of the reporting period	At the beginning of the reporting period **
III. Current liabilities				
Current financial liabilities measured at amortised cost	210		-	-
Current financial liabilities at fair value through other comprehensive income	211		-	-
Current derivative financial instruments	212		-	-
Other current financial liabilities	213		-	-
Current trade and other payables	214	11	54,125	43,031
Current estimated liabilities	215	12	1,230,141	1,176,383
Current income tax liabilities	216	20	104,488	-
Employee benefit	217		630	983
Current lease payables	218		10,303	-
Current liabilities under contracts with customers	219		-	-
Government grants	220		-	-
Dividends payable	221		-	-
Other current liabilities	222	13	1,949	109,535
Total current liabilities (sum of lines 210 to 222)	300		1,401,636	1,329,932
Liabilities of disposal groups held for sale	301		-	-
IV. Non-current liabilities				
Non-current financial liabilities measured at amortised cost	310		-	-
Non-current financial liabilities carried at fair value through profit or loss	311		-	-
Non-current derivative financial instruments	312		-	-
Other non-current financial liabilities	313		-	-
Non-current trade and other payables	314		-	-
Non-current estimated liabilities	315		-	-
Deferred tax liabilities	316	20	34,448	13,576
Employee benefit	317		-	-
Non-current lease payables	318		-	-
Non-current liabilities under contracts with customers	319		-	-
Government grants	320		-	-
Other non-current liabilities	321		-	-
Total non-current liabilities (sum of lines 310 to 321)	400		34,448	13,576
V. Equity				
Charter (share) capital	410	14	106,050	106,050
Share premium	411		-	-
Repurchased equity instruments	412		-	-
Components of other comprehensive income	413		-	-
Retained earnings (uncovered loss)	414		3,081,016	2,209,561
Other equity	415		-	-



Total equity attributable to the owners of the parent company (sum of lines 410 to 415)	420		3,187,066	2,315,611
Non-controlling interest	421		-	-
Total equity (line 420 +/- line 421)	500		3,187,066	2,315,611
Balance (line 300 + line 301+ line 400 + line 500)			4,623,150	3,659,119

*The notes on pages 13 to 37 form an integral part of the financial statements.

**Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

Chairman of the Management Board

Chief Accountant

26 May 2023

Astana, Republic of Kazakhstan



Sabit Miranovich Akhmetov

Antonina A. Bonovna Miropolskaya



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**Statement of Profit and Loss
For the reporting period 2022**

Submitted: to the Depository of Financial Statements in electronic format through the software

The administrative data form is posted on the Internet resource: www.minfin.gov.kz

Index of the administrative data form: No. 2 – OITV

Frequency: annual

Circle of persons providing information: organizations of public interest based on the results of the financial year

Deadline for submission of the administrative data form: annually no later than August 31 of the year following the reporting year

Note: an explanation of filling out the report is given in the appendix to the form intended for collecting administrative data "Statement of Profit and Loss"

**Name of the company NJSC "Social Health Insurance Fund"
As at 31 December 2022**

In thousands of Tenge

Name of items	Line code	Notes*	For the reporting period	For the previous period **
Revenue	10	15	10,759,356	9,148,541
Cost of goods and services sold	11	16	8,391,039	7,488,249
Gross profit (line 010 - line 011)	12		2,368,317	1,660,292
Distribution expenses	13		-	-
Administrative expenses	14	17	1,319,428	1,346,295
Total operating income (loss) (+/- lines 012 to 014)	20		1,048,889	313,997
Finance income	21	5	43,758	85,293
Finance expenses	22		-	-
The organization's share of the income (loss) of associates and joint ventures accounted for using the equity method	23		-	-
Other income	24	18	14,345	13,954
Other expenses	25	19	1,500	945,165
Income (loss) before tax ((+/- lines 020 to 025)	100		1,105,492	(531,921)
Income tax expense (-) (income (+))	101	20	(234,037)	(110,574)
Income (loss) after tax from continuing operations (line 100 + line 101)	200		871,455	(642,495)
Income (loss) after tax from discontinued operations	201		-	-
Profit for the year (line 200 + line 201) attributable to:	300		871,455	(642,495)
owners of the parent company			871,455	(642,495)
non-controlling interest			-	-
Other comprehensive income, total (sum of 420 and 440):	400		-	-
including:				
revaluation of debt financial instruments at fair value through other comprehensive income	410		-	-



share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	411		-	-
effect of a change in the income tax rate on deferred tax	412		-	-
cash flow hedge	413		-	-
exchange rate difference on investments in foreign organizations	414		-	-
hedging of net investments in foreign operations	415		-	-
other components of other comprehensive income	416		-	-
adjustment for reclassification to profit	417		-	-
tax effect of components of other comprehensive income	418		-	-
Total other comprehensive income to be reclassified to income or expense in subsequent periods (net of income tax) (sum of lines 410 to 418)	420		-	-
revaluation of property, plant and equipment and intangible assets	431		-	-
share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	432		-	-
actuarial gains (losses) on pension liabilities	433		-	-
tax effect of components of other comprehensive income	434		-	-
revaluation of debt financial instruments at fair value through other comprehensive income	435		-	-
Total other comprehensive income not to be reclassified to income or expense in subsequent periods (net of income tax) (sum of lines 431 to 435)	440		-	-
Total comprehensive income (line 300 + line 400)	500		871,455	(642,495)
Total comprehensive income attributable to:				
owners of the parent organization			871,455	(642,495)
non-controlling owners			-	-
Earnings per share	600		-	-
including:				
Basic earnings per share:				
from continuing operations			-	-
from discontinued operations			-	-
Diluted earnings per share:				
from continuing operations			-	-
from discontinued operations			-	-

* The notes on pages 13 to 37 form an integral part of the financial statements.

**Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

Chairman of the Management Board

Sabit Meirzhanovich Akhmetov

Chief Accountant

Antonina Alifonovna Miropolskaya

26 May 2023

Astana, Republic of Kazakhstan

Translated from the Russian original

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**Statement of Cash Flow (Direct Method)
For the reporting period 2022**

Submitted: to the Depository of Financial Statements in electronic format through the software

The administrative data form is posted on the Internet resource: www.minfin.gov.kz

Index of the administrative data form: No. 3 - ДДС-П

Frequency: annual

Circle of persons providing information: organizations of public interest based on the results of the financial year

Deadline for submission of the administrative data form: annually no later than August 31 of the year following the reporting year

Note: an explanation of filling out the report is given in the appendix to the form intended for collecting administrative data "Statement of Cash Flow (Direct Method)"

**Name of the company NJSC "Social Health Insurance Fund"
As at 31 December 2022**

Name of items	Line code	For the reporting period	For the previous period *
I. Cash flows from operating activities			
1. Cash flow, total (sum of lines 011 to 016)	10	9,767,542	9,285,615
including:			
sales of goods and services	11	9,659,445	9,101,844
other revenue	12	-	-
advances received from buyers, customers	13	60,970	54,991
income from insurance contracts	14	-	-
interests received	15	43,758	85,293
other additions	16	3,369	43,487
2. Cash outflow, total (sum of lines 021 to 027)	20	9,758,454	8,936,453
including:			
payments to suppliers for goods and services	21	1,832,599	1,614,785
advances paid to suppliers of goods and services	22	1,898	2,375
payroll payments	23	5,603,110	5,208,885
payment of interests	24	-	-
payments under insurance contracts	25	6,395	8,833
income tax and other payments to the budget	26	1,170,403	1,078,229
other payments	27	1,144,049	1,023,346
3. Net cash from operating activities (line 010 - line 020)	30	9,088	349,162
II. Cash flows from investing activities			
1. Cash flow, total (sum of lines 041 to 052)	40	-	-
including:			
sale of property, plant and equipment	41	-	-
sale of intangible assets	42	-	-
sale of other non-current assets	43	-	-
sale of equity instruments of other organizations (other than subsidiaries) and interests in joint ventures	44	-	-
sale of debt instruments of other organizations	45	-	-
compensation in case of loss of control over subsidiaries	46	-	-
withdrawal of deposits	47	-	-
sale of other financial assets	48	-	-
futures and forward contracts, options and swaps	49	-	-



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

dividends received	50	-	-
interests received	51	-	-
other additions	52	-	-
2. Cash outflows, total (the sum of lines 061 to 073)	60	598,708	156,916
including:			
purchase of property, plant and equipment	61	381,547	70,548
purchase of intangible assets	62	217,161	86,368
purchase of other non-current assets	63	-	-
purchase of equity instruments of other entities (other than subsidiaries) and shares in joint ventures	64	-	-
purchase of debt instruments of other organizations	65	-	-
purchase of control over subsidiaries	66	-	-
placement of cash deposits	67	-	-
payment of interests	68	-	-
purchase of other financial assets	69	-	-
provision of loans	70	-	-
futures and forward contracts, options and swaps	71	-	-
investments in associates and subsidiaries	72	-	-
other payments	73	-	-
3. Net cash from investment activities (line 040-line 060)	80	(598,708)	(156,916)
III. Cash flows from financing activities			
1. Receipt of funds, total (sum of lines 091 to 094)	90	-	-
including:			
issue of shares and other financial instruments	91	-	-
obtaining loans	92	-	-
Interests received	93	-	-
other additions	94	-	-
2. Cash outflow, total (sum of lines 101 to 105)	100	-	-
including:			
repayment of loans	101	-	-
payment of interests	102	-	-
payment of dividends	103	-	-
payments to owners on the company's shares	104	-	-
other disposals	105	-	-
3. Net cash from financing activities (line 090-line 100)	110	-	-
4. Effect of currency exchange rates against Tenge	120	-	-
5. Effect of changes in the carrying amount of cash and cash equivalents	130	12,387	10,364
6. Increase +/- decrease in cash (line 030 +/- line 080 +/- line 110 +/- line 120 +/- line 130)	140	(577,233)	202,610
7. Cash and cash equivalents at the beginning of the reporting period	150	2,121,024	1,918,414
8. Cash and cash equivalents at the end of the reporting period	160	1,543,791	2,121,024

** Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

Chairman of the Management Board

Chief Accountant

26 May 2023

Astana, Republic of Kazakhstan



Sabit Meiramoich Akhmetov

Antonina Afonovna Miropolskaya

Translated from the Russian original

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Final

NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Appendix 6
To the Order of the Minister of Finance of the
Republic of Kazakhstan
No. 404 dated 28 June 2017

Form

**Statement of Changes in Equity
For the reporting period 2022**

Submitted: to the Depository of Financial Statements in electronic format through the software
The administrative data form is posted on the Internet resource: www.minfin.gov.kz
Index of the administrative data form: No. 5-ИК
Frequency: annual

Circle of persons providing information: organizations of public interest based on the results of the financial year
Deadline for submission of the administrative data form: annually no later than August 31 of the year following the reporting year
Note: an explanation of filling out the report is given in the appendix to the form intended for collecting administrative data "Statement of Changes in Equity"

**Name of the company NJSC "Social Health Insurance Fund"
As at 31 December 2022**

Name of components	Line code	Capital attributable to owners					Retained earnings	Other equity	Non-controlling interest	Total equity
		Charter (share) capital	Share premium	Repurchased equity instruments	Components of other comprehensive income					
Balance as at 1 January of the previous year	10	106,050	-	-	-	2,852,056	-	-	2,958,106	
Change in accounting policy	11	-	-	-	-	-	-	-	-	
Recalculated balance (line 010 + / - line 011)	100	106,050	-	-	-	2,852,056	-	-	2,958,106	
Total comprehensive income (line 210 + line 220):	200	-	-	-	-	(642,495)	-	-	(642,495)	
Profit (loss) for the year	210	-	-	-	-	(642,495)	-	-	(642,495)	
Other comprehensive income, total (sum of lines 221 to 229):	220	-	-	-	-	-	-	-	-	
including:										
revaluation of debt financial instruments at fair value through other comprehensive income (net of tax effect)	221	-	-	-	-	-	-	-	-	

Translated from the Russian original



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Name of components	Line code	Capital attributable to owners						Total equity
		Charter (share) capital	Share premium	Repurchased equity instruments	Components of other comprehensive income	Retained earnings	Other equity	
revaluation of equity financial instruments at fair value through other comprehensive income (net of tax effect)	222	-	-	-	-	-	-	-
revaluation of property, plant and equipment and intangible assets (net of tax effect)	223	-	-	-	-	-	-	-
share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	224	-	-	-	-	-	-	-
actuarial incomes (losses) on pension liabilities	225	-	-	-	-	-	-	-
effect of a change in the deferred tax rate	226	-	-	-	-	-	-	-
cash flow hedging (net of tax effect)	227	-	-	-	-	-	-	-
hedging of net investments in foreign operations	228	-	-	-	-	-	-	-
exchange rate difference on investments in foreign organizations	229	-	-	-	-	-	-	-
Transactions with owners, total (sum of lines 310 to 318):	300	-	-	-	-	-	-	-
including:								
Employee benefits in shares	310	-	-	-	-	-	-	-
including:								
cost of employee services		-	-	-	-	-	-	-
issue of shares under the employee compensation scheme with shares		-	-	-	-	-	-	-
tax benefit in relation to the employee share compensation scheme		-	-	-	-	-	-	-
contributions from the owner	311	-	-	-	-	-	-	-
issue of own equity instruments (shares)	312	-	-	-	-	-	-	-
issuance of equity instruments related to business combinations	313	-	-	-	-	-	-	-
Equity component of convertible instruments (net of tax effect)	314	-	-	-	-	-	-	-
payment of dividends	315	-	-	-	-	-	-	-
Other distributions to owners	316	-	-	-	-	-	-	-
Other transactions with owners	317	-	-	-	-	-	-	-
Changes in ownership share in subsidiaries	318	-	-	-	-	-	-	-

Translated from the Russian original



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Name of components	Line code	Capital attributable to owners						Total equity
		Charter (share) capital	Share premium	Repurchased equity instruments	Components of other comprehensive income	Retained earnings	Other equity	
Other operations	319	-	-	-	-	-	-	-
Balance as at 1 January of the reporting year (line 100 + line 200 + line 300 + line 319)	400	106,050	-	-	-	2,209,561	-	2,315,611
Change in accounting policy	401	-	-	-	-	-	-	-
Recalculated balance (line 400 + / - line 401)	500	106,050	-	-	-	2,209,561	-	2,315,611
Total comprehensive income (line 610 + line 620):	600	-	-	-	-	871,455	-	871,455
Profit (loss) for the year	610	-	-	-	-	871,455	-	871,455
Other comprehensive income, total (sum of lines 621 to 629):	620	-	-	-	-	-	-	-
including:								
revaluation of debt financial instruments at fair value through other comprehensive income (net of tax effect)	621	-	-	-	-	-	-	-
revaluation of equity financial instruments measured at fair value through other comprehensive income (net of tax effect)	622	-	-	-	-	-	-	-
revaluation of property, plant and equipment and intangible assets (net of tax effect)	623	-	-	-	-	-	-	-
share of other comprehensive income of associates and joint ventures accounted for using the equity method	624	-	-	-	-	-	-	-
actuarial incomes (losses) on pension liabilities effect of a change in the income tax rate on deferred tax	625	-	-	-	-	-	-	-
cash flow hedging (net of tax effect)	626	-	-	-	-	-	-	-
hedging of net investments in foreign operations	627	-	-	-	-	-	-	-
exchange rate difference on investments in foreign organizations	628	-	-	-	-	-	-	-
629								
Transactions with owners in total (sum of lines 710 to 718)	700	-	-	-	-	-	-	-
including:								
Employee benefits in shares	710	-	-	-	-	-	-	-
including:								

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NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Name of components	Line code	Capital attributable to owners						Total equity
		Charter (share) capital	Share premium	Repurchased equity instruments	Components of other comprehensive income	Retained earnings	Other equity	
cost of employee services		-	-	-	-	-	-	-
issue of shares under the employee compensation scheme with shares		-	-	-	-	-	-	-
tax benefit in relation to the employee share compensation scheme		-	-	-	-	-	-	-
contributions from owners	711	-	-	-	-	-	-	-
Issue of own equity instruments (shares)	712	-	-	-	-	-	-	-
Equity issues related to business combinations	713	-	-	-	-	-	-	-
Equity component of convertible instruments (net of tax effect)	714	-	-	-	-	-	-	-
Payment of dividends	715	-	-	-	-	-	-	-
Other distributions to owners	716	-	-	-	-	-	-	-
Other transactions with owners	717	-	-	-	-	-	-	-
Changes in subsidiary organizations, which do not result in a loss of control	718	-	-	-	-	-	-	-
Other operations	719	-	-	-	-	-	-	-
Balance as at 31 December of the reporting year (line 500 + line 600 + line 700 + line 719)	800	106,050	-	-	-	3,081,016	-	3,187,066

Chairman of the Management Board

Chief Accountant

26 May 2023

Astana, Republic of Kazakhstan


 Sabit Meiramevich Akhmetov
 Reporting Accountant Viropolskaya

Translated from the Russian original



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1. GENERAL INFORMATION

Non-commercial Joint-Stock Company “Social Health Insurance Fund” (the Fund) was established in accordance with the resolution of the Government of the Republic of Kazakhstan No. 389 dated 1 July 2016 “On the Establishment of the Social Health Insurance Fund” with one hundred (100) percent participation of the state in its authorized capital.

The Fund is incorporated by the Astana Department of Justice under the Ministry of Justice of the Republic of Kazakhstan on 26 September 2016.

Business Identification Number 160 940 025 485 was assigned to the Fund.

Legal address of the Fund: 13/3, Dostyk Str., 14th floor, Astana, 010000, Republic of Kazakhstan,
Actual address of the Fund’s Head Office: 13/3, Dostyk Str., 11-16 floors, Astana, 010000, Republic of Kazakhstan.

The Fund has branches in cities of national significance and regional centers of the Republic of Kazakhstan (RK).

The Fund is a non-profit joint-stock company in accordance with the legislation of the Republic of Kazakhstan, the main purpose which is not gaining of an income.

The Fund holds a strategic purchaser special status of medical care for the population of the Republic of Kazakhstan, and performs the functions of a financial operator of CSHI system (compulsory social health insurance) and funds of GVFMC system (guaranteed volume of free medical care).

The Funds’ activities are regulated by:

- The Constitution of the Republic of Kazakhstan;
- The Civil Code of the Republic of Kazakhstan;
- The Code of the Republic of Kazakhstan “On the Health of the People and the Health Care System”;
- Law of the Republic of Kazakhstan No.142 of 16 January 2001 “On Non-profit Organizations”;
- Law of the Republic of Kazakhstan No. 415 of 13 May 2003 “On Joint Stock Companies”;
- Law of the Republic of Kazakhstan No. 405-V of 16 November 2015 “On Compulsory Social Health Insurance”;
- The Charter of the Fund;
- Other regulations of the Republic of Kazakhstan, internal documents of the Fund and resolutions of bodies and officials of the Fund adopted in the manner required by law within their competence.

The objective of the Fund’s activities is to attain social goals aimed at secure of a set of legal, economic and administrative measures to provide medical care to medical services consumers at the expense of the Fund's assets.

The Fund carries out the following activities related to the state monopoly:

1. Accumulation of funds received within the framework of compulsory social health insurance;
2. Distribution of financial resources between health care entities providing services in the compulsory health insurance system.

The Fund carries out the following activities, technologically related to the state monopoly:

1. ~~Keeping records of medical services consumers in the framework of compulsory health insurance;~~
2. Keeping records of health care entities providing medical care in the compulsory social health insurance system;
3. Establishment and development of information system and electronic information resources of the compulsory social health insurance system.

The Fund performs the following functions:

1. Procurement and payment of services of health care entities rendering medical care in volumes and on the terms provided by the contract of purchase of medical services in the compulsory medical insurance system and within the guaranteed volume of free medical care;
2. Monitoring of execution by health care entities of contractual obligations on quality and volume of the medical care rendered to medical services consumers in the compulsory medical insurance system and the guaranteed volume of free medical care;



NJSC “SOCIAL HEALTH INSURANCE FUND”

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

3. Administration of appeals and complaints of citizens and legal entities on the provision of medical care in the compulsory medical insurance system and guaranteed volume of free medical care.

The Fund runs its activities at the expense of commission fee received from cash inflow of the Fund's assets. The limit value of the interest rate of commission fee is established annually by the Government of the Republic of Kazakhstan. In addition, the Fund renders services to ensure the financing GVFMC within the framework of the state assignment at the expense of a separate Republican Budget Programme.

In accordance with the Law of the Republic of Kazakhstan “On Compulsory Social Health Insurance” assets of the Fund are deductions, contributions, fine received for late payment of deductions and (or) contributions, investment income and other income provided by the legislation of the Republic of Kazakhstan to the Fund less the commission fee to ensure business operations of the Fund.

The source of funding for the Fund's activities related to the payment of medical services within the framework of the GVFMC are the funds allocated under the Republican Budget Programme by the Ministry of Health of the Republic of Kazakhstan for the implementation of the state assignment.

Based on the provisions of the Law of the Republic of Kazakhstan “On Compulsory Social Health Insurance”, in 2020 the functions of the Fund were supplemented in terms of administration of the system of compulsory social health insurance (CSHI) operations for procurement of health care services of health entities for rendering medical care in CSHI system and their payment.

Control over activities of NJSC “Social Health Insurance Fund”

The founder of the Fund is Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee under the Ministry of Finance of the Republic of Kazakhstan. The right to own and use the state block of shares of the Fund is exercised by the Ministry of Health of the Republic of Kazakhstan.

Owner

As at 31 December 2022 and 31 December 2021 the sole shareholder of NJSC “Social Health Insurance Fund” is as follows:

Full name of shareholders	Amount of shares owned by the shareholder	Percentage of shares owned by the shareholder to the total amount of voting shares
LE SE the State Property and Privatization Committee under the Ministry of Finance	Ordinary shares KZ1C60360019, 106,050 pcs	100 %

As at 31 December 2022 and 31 December 2021 the Fund's share capital amounted to 106,050 thousand Tenge. Ordinary shares in the amount of 106,050 pieces were authorized and distributed (face value of 1,000 Tenge per share).

As at 31 December 2022 and 31 December 2021 the Fund's share capital was formed and paid in full.

The number of declared, issued and placed ordinary shares is 106,050. There are no other types of shares. The total actual headcount of the Fund as at 31 December 2022 was 867 (as at 31 December 2021: 826).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter - IFRS) in the version approved by the International Financial Reporting Standards Board (IFRS Board) in the format of the order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017 “On approval of the list and forms of annual financial statements for publication by organizations of public interest (except for financial organizations)” (Order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017).



The financial statements of the Fund for the year ended 31 December 2022 were approved by the Fund's management on 26 May 2023.

2.2 Going concern

The financial statements have been prepared on a going concern basis that the Fund continues and will continue to operate in the foreseeable future. Hence it is assumed that the Company has neither the intention nor the need to liquidate or curtail materially the scale of its operations. The special purpose financial statements do not include any adjustments should the Fund be unable to continue as a going concern.

2.3 Accrual basis

These financial statements were prepared on the accrual basis. The accrual basis ensures recognition of the results of business operations, as well as events in fact they occurred, regardless of the time of payment. Transactions and events are recorded in the accounting and are included in the special purpose financial statements for the periods to which they apply.

2.4 Functional and presentation currency

The national currency of the Republic of Kazakhstan is Tenge, which is the functional currency of the Fund as it reflects the economic substance of underlying events and circumstances relevant to the Fund. Tenge is also the presentation currency.

All amounts in these financial statements and Notes hereto have been rounded to the nearest thousands of Tenge except where otherwise indicated.

To retranslate items of the financial statements denominated in foreign currencies, and also to record foreign currency transactions in the accounting records, the Fund used the official exchange rates established in the Republic of Kazakhstan.

2.5 Significant estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the preparation of these financial statements and reported amounts of profits and losses for the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The most significant estimates are set out below:

Taxation

Various Kazakhstani laws and regulations are not always clearly stated. There may be cases of divergence in opinion between regional and national tax authorities. Thus, in the case of accrual of additional charges of taxes by tax authorities, the existing fines and penalties are set in large amount. As a result, fines and penalties may exceed the amount of additional taxes. Due to the above-mentioned uncertainties, potential amount of taxes, fines and penalties, if such charges will arise, may exceed the amount expensed to date and accrued at the reporting date. Differences between estimates and the amounts actually paid, if any, could have a material effect on future operating results.

GVFMC

The Fund, in accordance with the legislation of the Republic of Kazakhstan, receives transfers from the state budget to pay for GVFMC services to healthcare entities. In view of the intended purpose, the lack of the possibility of disposal, and the presence of full state control over these transfers, the Fund does not consider these funds as part of its own funds (Note 4).

2.6 Consistency of presentation

The presentation and classification of items in the financial statements shall be retained from one period to the next. A significant review of the presentation of the financial statements, might suggest that the financial statements need to be presented differently to be presented differently. The Fund changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired.

2.7 Offsetting

The Fund does not offset assets and liabilities, income and expense except cases when it is permitted or required by any standard.



3. SIGNIFICANT ACCOUNTING POLICIES

When preparing the financial statements for 2022, the Fund consistently applied the accounting policies’ provisions listed below with respect to all types of assets, liabilities and equity, with the exception of the impact of changes in IFRS (Note 3.1).

3.1 Changes in accounting policies and disclosures

Among the new standards, amendments and interpretations that became effective for accounting periods beginning on or after 1 January 2022, there are none that would have an impact on the accounting policy of the Fund or on the presentation of information in the financial statements or on the assessment of transactions and balances.

The Fund has not early adopted standards, interpretations and amendments that have been issued but are not yet effective as at 1 January 2022. The Fund intends to adopt these standards, if applicable, when they become effective. The impact of implementing these standards, amendments, and interpretations on the Fund’s financial position and financial statements is currently being assessed.

3.2 Property, plant and equipment

Property, plant and equipment are measured on initial recognition at cost, net of accumulated depreciation and accumulated impairment losses.

Cost of property, plant and equipment includes all costs for acquisition of property, plant and equipment, including import duties, nonrefundable taxes, borrowing costs for long-term construction projects if the recognition criteria are met, and also any direct costs related to bringing of the asset to the working condition and delivery to the place of intended use.

Depreciation of property, plant and equipment carried at cost is calculated on a straight-line basis over the estimated useful life, as shown below:

Category of property, plant and equipment	Useful life
Computers and office equipment	3-10 years
Vehicles	7-10 years
Other	7-15 years

The residual value of an asset is the estimated amount that the Fund would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil, if the Fund expects to use the asset until the end of its physical life.

Residual values, expected useful lives of assets and depreciation method are reviewed and adjusted if appropriate at each reporting date.

When property, plant and equipment are sold or disposed of at cost, their cost and accumulated depreciation are eliminated from the relevant accounts, and any gain or loss arising from their disposal is included in the profit or loss of the period.

Costs incurred after property, plant and equipment put into operation

Costs incurred after property, plant and equipment put into operation, such as the cost of repairs and maintenance, generally are expensed in the period in which these costs are incurred. Expenditures that result in an increase in the expected future economic benefits from the asset beyond its originally assessed performance are capitalized as an additional cost of property, plant and equipment.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. The initial cost of a separately acquired intangible asset includes its purchase price (less discounts provided by suppliers), including import duties and other non-refundable taxes associated with its purchase, as well as any other costs directly related to the preparation of the asset for its intended use. Amortization of intangible assets begins when the asset is ready for use and is calculated on a straight-line basis over their estimated useful lives, as shown below:

Category of intangible assets	Useful life
Licenses and software	2-7 years



Estimated useful lives, residual value and amortization accrual method are reviewed at each year-end and, if necessary, adjusted.

3.4 Impairment of non-current non-financial assets

At the end of each reporting period, the Fund reviews the carrying amounts of its property, plant and equipment and intangible assets and other non-current assets (non-current assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.5 Leases

At inception of a contract, the Fund shall assess whether the contract is, or contains, a lease, in other words, the Fund determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Fund as a lessee

The Fund applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.6 Financial instruments

The Fund recognises its financial assets and liabilities in its statement of financial position only when it (the Fund) becomes a party on contractual provisions under financial instruments. Financial assets and liabilities are recognised at the settlement date.

Financial assets

With the exception of trade receivables and commission fee receivable that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables and commission fee receivable that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price as provided for by IFRS 15.

The Fund initially classifies its debt financial assets within the scope of IFRS 9 as follows financial assets at fair value through profit or loss; financial assets at amortised cost; financial assets at fair value through other comprehensive income (FVOCI).

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding".

The assessment of the Fund's business model was made at the date of initial application. The analysis of whether the contractual cash flows of debt instruments are solely payments of principal and interest is based on the facts and circumstances that exist at the time of initial recognition of these assets.

Debt instruments are measured at amortized cost if financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund includes commission fee receivable and other accounts receivable in this category. The Fund does not have financial assets recorded at FVPL and FVOCI.



Amortised cost of financial instruments

The amortised cost is calculated using the effective interest rate (EIR) method less allowance for impairment. The calculation includes premiums and discounts arisen at the purchase, as well as transaction costs and interest, which are an integral part of the effective interest rate (EIR).

Impairment of financial assets

As required by IFRS 9 the Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For financial instruments for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and commission fee receivable, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

The Fund classifies its financial liabilities as follows:

- financial liabilities at fair value through profit or loss;
- accounts payable at amortised cost.

The Fund's financial liabilities are classified as borrowings and accounts payable and are represented by trade payables.

Financial liabilities *after* initial recognition are stated at amortised cost using the effective interest method. Income and expenses are recognised in gains or losses only when liabilities are derecognised or impaired as well as through the EIR amortisation process.

Derecognition of financial assets and liabilities

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Fund retains its contractual rights to receive cash flows from the asset but assumed contractual obligation to transfer them in full without material delay to a third party
- the Fund has transferred its rights to receive the cash flows from the asset and or transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in gains and losses.

Cash and cash equivalents

Cash and cash equivalents are represented by cash on the Fund's bank and treasury accounts as well as time bank deposits with an initial maturity of no more than three months. For the purposes of presenting the statement of cash flows, cash and cash equivalents consist of the above-mentioned components. Cash on bank accounts include short-term investments which are readily convertible to a known amount and which are related to an insignificant risk of changes in value.

Offsetting of assets and liabilities

Financial assets and financial liabilities of the Fund are offset and reported in the statement of financial position on net basis if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



3.7 Fair value measurement

The fair value of financial that are measured at fair value or the fair value of which is to be disclosed in the financial statements is presented in Note 24.

The 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purposes of fair value disclosure, the Fund has classified assets and liabilities based on their nature, their inherent characteristics and risks, as well as the applicable level in the hierarchy of sources of fair value, as above-mentioned.

3.8 Foreign currency restatement

In preparing the financial statements, transactions in currencies other than the functional (foreign currencies) are recorded at the exchange rate at the transaction date. Monetary items denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items recognised at cost denominated in foreign currency are not restated.

Translation differences on monetary items arising from exchange rates changes are recognised in profit or loss in the period in which they arise.

3.9 Inventories

Inventories are stated at weighted average cost method.

The Fund measures inventories at the lower of cost or net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories includes all actual expenses for purchase and other costs incurred in bringing an item or product to its existing condition and location.

3.10 Assets of the Fund

The Fund's assets, which include accumulated deductions and contributions received for compulsory social health insurance (CSHI), penalties for late transfer of deductions and contributions for compulsory social health insurance, have been transferred to the trust management of the National Bank of the Republic of Kazakhstan (the “National Bank”) in accordance with the Trust Management Agreement of the Fund's Assets (the “Agreement”). In accordance with the Agreement, the National Bank manages the Fund's funds. According to the Agreement, the National Bank, within the framework of the approved investment strategy, makes decisions on the investment of the Fund's assets, the purchase or sale of securities and secondary financial instruments.

When providing services, the National Bank does not guarantee the Fund to gain profit or the absence of losses on transactions made in accordance with the Fund's Investment Strategy and the Agreement. The National Bank shall not be responsible for any losses and non-received profit in connection with the investment of the Fund's assets, including those related to non-fulfillment of obligations or liquidation of third parties.



The Fund maintains accounting records and presents financial statements separately for its own funds and assets of the Fund.

3.11 GVFMC

In accordance with the Budget Code of the Republic of Kazakhstan, transfers are allocated to the Fund as part of the purchase of services from health care entities to provide GVFMC. These funds are placed on the Treasury's control account. These transfers have a purpose. During the financial year unused (underused) amounts of transfers to pay for the provision of services within GVFMC allocated in the past financial year are subject to payback to the republican budget revenue after the fund repays the liabilities of the previous year, but no later than 1 March of the current financial year. The Fund maintains accounting records and presents financial statements separately for its own funds and funds of transfers allocated to GVFMC.

3.12 Payroll expenses, social tax, social contributions, deductions to and contributions for CSHI

Payroll expenses, social tax, and social contributions, contributions and deductions to compulsory social health insurance (CSHI), paid annual vacations, temporary disability benefits, bonuses are accrued for the year in which the associated services are rendered by the employees of the Fund.

The total amount of social tax and social contributions comprises 9.5 % deductible from taxable income of employees.

The Fund makes deductions for its employees to compulsory social health insurance (CSHI), at the rate of 3 % of employees' taxable income.

The Fund withholds mandatory pension contributions in the amount of 10% of salary of its employees to the Unified Accumulative Pension Fund (UAPF). In accordance with the legislation pension contributions are obligations of employees, and the Fund has neither current nor future payment obligations upon retirement of its employees.

3.13 Income tax

Current corporate income tax

Tax assets and liabilities for the current corporate income tax for the current and prior periods are measured at the amount expected to be recovered from the tax authorities or payable to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries in which the Fund operates and generates taxable income.

Deferred corporate income tax

Deferred corporate income tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax asset and liabilities are not recognised in the financial statements in cases when temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences associated with subsidiary companies, associates and joint ventures, except for cases when the Fund is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets related to subsidiaries, associates and joint ventures are recognised given the high probability of future taxable income sufficient to deduct temporary differences, and the expectation that they will be realised in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The current and deferred taxes relating to items recognised out of profit or loss shall be recognised out of profit or loss. Accordingly, the current tax and deferred tax relating to items which are recognised:

- a) in other comprehensive income shall be recognised in other comprehensive income;
- b) directly in equity shall be recognised directly in equity.

3.14 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties peculiar for these obligations. Where a provision is measured using the cash flows estimated to settle the present obligation, the provision for probable economic outflows is the present value of those cash flows (if the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivables are recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.

3.15 Revenue

The Fund will recognise revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those services.

The Fund's business operations are related to the provision of services for the administration of the “GVFMC” and “CSHI” systems. Funds received and used in the course of administration by the Fund of the “GVFMC” and “CSHI” systems are accounted for separately from the financial statements of the Fund.

Revenue from contracts with customers is recognised when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those goods or services.

Commission fee

Income as commission fee is recognised by the Fund on a monthly basis, and is calculated by multiplying the total amount of contributions received for compulsory social health insurance, penalties for late transfer of contributions for compulsory social health insurance, investment income for the month and less refunds of excessively credited (overpaid) contributions for compulsory social health insurance and other income to the Fund, at the marginal rate established by the Government annually.

The Fund possesses the right to apply at its own discretion the rate less than the marginal one.

In 2022 the marginal rate established by the Government of the Republic of Kazakhstan was not more than 0,99%. Since November until the end of 2022, the actual commission fee has been reduced to 0.67%.

In 2021, the marginal rate set by the Government of the Republic of Kazakhstan was no more than 1.17%. Since November until the end of 2021, the actual commission fee has been reduced to 0.96%.

Funds received for state task performance

As part of the functions assigned to the Fund, the Fund renders services for the implementation of the state task “Services on Financing Guaranteed Volume of Free Medical Care” for the commission fee

Income in terms of funds received for the performance of a state task is recognised at a certain point in time.

The Fund's service contracts do not contain a significant financing component as there is no significant time difference between the moment of the obligations to be performed and the moment of payment, and there is no difference between the transaction price and the price of such services, subject to the immediate payment by cash.

3.16 Expenses

Expenses are accounted for when respective goods or services are actually received irrespective when cash or cash equivalents were paid and are included in the financial statements in that period to which they relate.

Commission expenses

In accordance with the Agreement, the National Bank shall be responsible for trust management services, which include payment for the services of custodians, depositaries, bidding process organizers, costs for payments, as well



as other costs that may arise in the trust management. The amount of the commission fee includes monthly commission payments calculated on the basis of the current tariff rates of the National Bank and reimbursement for expenses actually incurred by the National Bank in rendering services under the Agreement.

The expenses of the National Bank related to trust management of assets include the following:

- 1) payment for services of custodians, the Central Securities Depository, bidding process organizer;
- 2) payment expenses related to trust management of assets;
- 3) other costs associated with financial instrument measurement, if necessary and in agreement with the Fund.

3.17 Offsetting

Settlement transactions are recognised based on the calculation of the fair value to be received or delivered as a result of non-cash settlements. Possibility of offsetting is stipulated by contracts.

Non-monetary transactions are excluded from the statement of cash flows. Therefore, investment, financial transactions and operating results are actual cash transactions.

3.18 Contingent assets and liabilities

Contingent assets are not recognised in the financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

3.19 Related party transactions

Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence on making financial and operational decisions of the other party.

The related parties include the key management personnel of the Fund, as well as other entities which are under control of the Government of the Republic of Kazakhstan.

Similar items are disclosed in the aggregate, except where separate disclosures are necessary to understand the effect of the transactions between related parties on their financial statements.

3.20 Events after the reporting date

The events which take place after the end of the reporting period which provide additional information about the financial position of the Fund at the date of approval of the financial statements (adjusting events) are recorded in the financial statements. Events that occurred after the end of the reporting year that are not corrective events are disclosed in the notes, if they are significant.

4. RESTATEMENT AND RECLASSIFICATION OF COMPARATIVE INFORMATION

In 2022 the Fund received additional clarifications from the Ministry of Finance of the Republic of Kazakhstan regarding the presentation of transfers allocated from the budget to finance the GVFCM in the financial statements for its own funds.

In accordance with this explanation, the Fund does not have the right to present transactions on the use of transfers within the GVFCM in the financial statements for its own funds. In 2021, the Fund reflected these transactions in the financial statements.

Based on the above-mentioned, in order to best represent and correct errors, the Fund has made the following recalculations and reclassifications of comparative information:

Balance Sheet as at 31 December 2021

Assets	Line code	At the beginning of the reporting period (before restatement)	Restatement	At the beginning of the reporting period (after restatement)
I. Current assets				
Cash and cash equivalents	10	50,737,086	(48,616,062)	2,121,024
Other current assets	22	502,597	(474,198)	28,399
Total current assets (sum of lines 010 to 022)		51,956,303	(49,090,260)	2,866,043



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Balance (line 100 + line 101 + line 200)		52,749,379	(49,090,260)	3,659,119
III. Current liabilities				
Current trade and other payables	214	46,610,175	(46,567,144)	43,031
Other current liabilities	222	2,632,651	(2,523,116)	109,535
Total current liabilities (sum of lines 210 to 222)		50,420,192	(49,090,260)	1,329,932
Balance (line 300 + line 301+ line 400 + line 500)		52,749,379	(49,090,260)	3,659,119

Statement of Profit and Loss for 2021

Item	Line code	For the previous period (before restatement)	Restatement	For the previous period (after restatement)
Cost of goods and services sold	11	7,480,630	7,619	7,488,249
Gross profit/(loss) (line 010 - line 011)	12	1,667,911	(7,619)	1,660,292
Administrative expenses	14	1,353,914	(7,619)	1,346,295
Other income	24	21,991	(8,037)	13,954
Other expenses	25	953,202	(8,037)	945,165

Statement of Cash Flow for 2021

Item	Line code	For the previous period (before restatement)	Restatement	For the previous period (after restatement)
I. Cash flows from operating activities				
1. Cash flow, total (sum of lines 011 to 016)	10	1,454,848,602	(1,445,562,987)	9,285,615
including:				
sales of goods and services	11	9,101,843	1	9,101,844
interests received	15	85,294	(1)	85,293
other additions	16	1,445,606,474	(1,445,562,987)	43,487
2. Cash outflow, total (sum of lines 021 to 027)	20	1,474,295,673	(1,465,359,220)	8,936,453
including:				
payments to suppliers for goods and services	21	1,088,733,617	(1,087,118,832)	1,614,785
advances paid to suppliers of goods and services	22	357,968,212	(357,965,837)	2,375
other payments	27	21,297,897	(20,274,551)	1,023,346
3. Net cash from operating activities (line 010 - line 020)	30	(19,447,071)	19,796,233	349,162
II. Cash flows from investing activities				
2. Cash outflows, total (the sum of lines 061 to 073)	60	156,910	6	156,916
including:				
purchase of property, plant and equipment	61	70,549	(1)	70,548
purchase of intangible assets	62	86,361	7	86,368
3. Net cash from investment activities (line 040-line 060)	80	(156,910)	(6)	(156,916)
4. Effect of currency exchange rates against Tenge	120	(55)	55	-



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

8. OTHER CURRENT ASSETS

	31 December 2022	31 December 2021 (restated**)
Deferred expenses	33,027	21,269
Other taxes and payments prepaid*	2,026	4,765
Advances paid	349	2,365
Total own funds	35,402	28,399

* Prepayments for other taxes and payments are as follows:

	31 December 2022	31 December 2021
Social tax	543	1,646
Mandatory social contributions	24	54
Individual income tax	769	4
Mandatory pension contributions	42	247
Deductions and contributions for CSHI	10	119
State duty	638	2,695
Total	2,026	4,765

**Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

9. PROPERTY, PLANT AND EQUIPMENT

	Computers and office equipment	Vehicles	Other	Total
Cost				
1 January 2021	497,134	68,624	207,669	773,427
Addition from suppliers	69,871	-	677	70,548
31 December 2021	567,005	68,624	208,346	843,975
Addition from suppliers	381,547	-	-	381,547
31 December 2022	948,552	68,624	208,346	1,225,522
Accumulated depreciation:				
1 January 2021	82,644	29,410	25,350	137,404
Accrual of depreciation	97,221	9,804	20,785	127,810
31 December 2021	179,865	39,214	46,135	265,214
Accrual of depreciation	113,094	9,803	20,853	143,750
31 December 2022	292,959	49,017	66,988	408,964
Carrying amount:				
31 December 2021	387,140	29,410	162,211	578,761
31 December 2022	655,593	19,607	141,358	816,558

10. INTANGIBLE ASSETS

	License agreements	Software	Other	Total
Cost				
1 January 2021	24,222	195,589	14	219,825
Addition from suppliers	-	86,368	-	86,368
Disposal	-	-	(7)	(7)
31 December 2021	24,222	281,957	7	306,186
Developed using its own resources	-	-	65,418	65,418
Addition from suppliers	179,161	38,000	-	217,161
31 December 2022	203,383	319,957	65,425	588,765
Accumulated depreciation:				
As at 1 January 2021	6,028	45,239	-	51,267



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Accrual of depreciation	3,633	36,971	-	40,604
As at 31 December 2021	9,661	82,210	-	91,871
Accrual of depreciation	12,611	49,894	-	62,505
As at 31 December 2022	22,272	132,104	-	154,376
Carrying amount				
As at 31 December 2021	14,561	199,747	7	214,315
As at 31 December 2022	181,111	187,853	65,425	434,389

11. CURRENT TRADE AND OTHER PAYABLES

Item	31 December 2022	31 December 2021 (restated **)
Payables to suppliers and contractors	54,125	43,031
Total	54,125	43,031

**Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

12. CURRENT ESTIMATED LIABILITIES

	31 December 2022	31 December 2021
Provision for employees leaves*	281,504	227,746
Other provisions **	948,637	948,637
Total provisions	1,230,141	1,176,383

*Changes in provision for the Fund's employees leaves are as follows:

	2022	2021
At the beginning of the period	227,746	185,821
Provision revaluation	462,987	409,421
Liabilities write-off at the expense of provision	(409,229)	(367,496)
At the end of the period	281,504	227,746

**Other provisions represent accrued liabilities based on the results of audits of the Supreme Audit Chamber of the Republic of Kazakhstan (the Counting Committee for the Control of the Execution of the Republican Budget):

- On 2 December 2021, the Ministry of Health of the Republic of Kazakhstan issued an order to repay to the budget at the expense of the Fund 105,861 thousand Tenge unreasonably paid allowances to employees of district healthcare organizations of Atyrau oblast.

- On 14 December 2021, the Ministry of Health of the Republic of Kazakhstan issued an order to repay to the budget of funds due to the Fund's identified financial violations in the amount of 842,776 thousand Tenge

These orders are being litigated in court by the Fund.

Changes in other provisions of the Fund are presented as follows:

	2022	2021
At the beginning of the period	948,637	3,868
Provision revaluation		944,769
At the end of the period	948,637	948,637

13. OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021 (restated**)
Other taxes and payments liabilities *	786	85,833
Guarantee fee payable	940	23,243
Accounts payable to accountable persons	-	434
Other liabilities	223	25
Total	1,949	109,535



NJSC “SOCIAL HEALTH INSURANCE FUND”

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

** Liabilities for other taxes and payments:*

	31 December 2022	31 December 2021
Mandatory pension contributions	336	29,797
Individual income tax	148	52,824
Social tax	192	116
Social contributions	27	2,753
Deductions to CSHI	32	35
Contributions for CSHI	51	242
Other taxes	-	66
Total	786	85,833

**Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

14. CHARTER (SHARE) CAPITAL

	31 December 2022		31 December 2021	
	Share, %	Amount	Share, %	Amount
State Property and Privatization Committee under the Ministry of Finance of the Republic of Kazakhstan	100	106,050	100	106,050

15. REVENUE

	2022	2021
Commission fee	10,556,123	8,965,235
Income from the performance of the state task	203,233	183,306
Total	10,759,356	9,148,541

16. COST OF GOODS AND SERVICES SOLD

	2022	2021 (restated*)
Wage compensation	5,632,702	5,092,034
Provision for leave	412,778	353,764
Current lease	715,496	669,165
Payroll deductions	575,205	531,183
Communication services	347,569	347,446
Depreciation	185,842	147,911
Services under civil contracts (expert services)	137,178	109,366
Software maintenance	95,192	66,178
Business trip expenses	70,160	37,667
Technical support to PPE's operability	55,288	46,451
Travel abroad for patients and accompanying persons	44,941	30,284
Contact-center outsourcing	27,480	-
Advertising services and information and image support services	23,084	7,619
Materials	17,305	16,729
Insurance	4,805	4,078
Licenses	39,255	26,046
Postal services	2,281	1,602
Training	2,013	-
Transportation services	1,590	-
Typographic and printing services	759	525
Other expenses	116	201
Total	8,391,039	7,488,249



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

*Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

17. ADMINISTRATIVE EXPENSES

	2022	2021 (restated*)
Wage compensation	852,921	843,827
Provision for leaves	50,209	55,657
Payroll deductions	87,154	87,547
Trustee services	90,166	49,909
Current lease	95,936	129,341
Communication services	21,486	13,731
Depreciation	20,413	20,503
Bank's services	19,044	15,731
Business trip expenses	18,977	2,793
Transportation services	16,610	18,483
Audit services	16,440	22,900
Services under civil contracts (expert services)	8,537	41,887
Board of Directors	7,569	15,250
Technical support to PPE's operability	5,274	5,660
Training	3,461	11,906
Materials	1,415	2,004
Insurance	590	493
Licenses	444	676
Typographic and printing services	292	326
Postal services	231	-
Software maintenance	220	92
Legal costs	136	1
Other expenses	1,903	7,578
Total	1,319,428	1,346,295

*Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

18. OTHER INCOME

	2022	2021 (restated*)
Income from recovery of impairment losses on financial assets (Notes 5 and 6)	12,387	9,973
Compensation by court decision	1,631	3,390
Other income	327	591
Total	14,345	13,954

*Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.

19. OTHER EXPENSE

	2022	2021 (restated*)
Revaluation of other provisions (Note 12)	-	944,769
Compensation by court decision	1,500	355
Other expense	-	41
Total	1,500	945,165

*Some of the amounts presented in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2021, as they reflect the adjustments disclosed in Note 4 to the financial statements.



20. CORPORATE EXPENSE (INCOME) TAX

The Fund's income is subject to corporate income tax at the current official interest rate of 20%:

	2022	2021
Current income tax expense*	213,283	105,528
Adjustment of accruals for previous periods*	(118)	-
Deferred income tax expense	20,872	5,046
Total	234,037	110,574

* Changes in current income tax liabilities for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
Liability (overpayment) at the beginning of the period	(7,975)	(71,651)
Accrued for the reporting period	213,283	105,528
Adjustment of accruals for previous periods	(118)	-
Paid	(100,702)	(41,852)
Liability (overpayment) at the end of the period	104,488	(7,975)

The reconciliation between the contingent and actual income tax expense is provided below:

	2022	2021
Profit before income tax	1,105,492	(531,921)
Tax rate	20%	20%
Contingent income tax expense	221,098	(106,384)
Tax effect of items not deductible or taxable	12,939	216,958
Corporate income tax expense for the year	234,037	110,574

Tax effect of temporary differences changes for the year ended 31 December 2022 is disclosed below:

	1 January 2022	Charged to gains and losses	31 December 2022
Deferred tax assets	48,635	8,288	56,923
Tax liabilities	23	15	38
Deductions to CSHI	7	(1)	6
Expected credit losses	3,056	(2,478)	578
Provision for employee vacations	45,549	10,752	56,301
Deferred tax liabilities	62,211	29,160	91,371
Property, plant and equipment and intangible assets	62,211	29,160	91,371
Recognised deferred tax liability (asset)	13,576	20,872	34,448

Tax effect of temporary differences changes for the year ended 31 December 2021 is disclosed below.:

	1 January 2021	Charged to gains and losses	31 December 2021
Deferred tax assets	49,745	(1,110)	48,635
Tax liabilities	5,465	(5,442)	23
Deductions to CSHI	1,292	(1,285)	7
Expected credit losses	5,050	(1,994)	3,056
Provision for employee vacations	37,164	8,385	45,549
Provision for legal claims	774	(774)	-
Deferred tax liabilities	58,275	3,936	62,211



NJSC "SOCIAL HEALTH INSURANCE FUND"

Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)

Property, plant and equipment and intangible assets	58,275	3,936	62,211
Recognised deferred tax liability (asset)	8,530	5,046	13,576

21. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related party transactions were conducted on terms agreed between the parties.

The related parties with whom the Fund entered into related party transactions in 2022 and 2021 include key management personnel of the Fund, and companies under control of the RoK Government.

The relationships with those related parties with whom the Fund entered into significant transactions or has significant balances outstanding are presented below.

Transactions on principal activities with companies under control of the RoK Government:

For 2022

	SI RoK National Bank - Fund's assets	SI Ministry of Health of the Republic of Kazakhstan	RoK National Bank	Total
1 January 2022	671,382	-	-	671,382
Provision of services	10,556,123	203,233	-	10,759,356
Purchase of services	-	-	(92,819)	(92,819)
Cash inflow	(9,517,182)	(203,233)	-	(9,720,415)
Cash outflow	-	-	92,819	92,819
31 December 2022	1,710,323	-	-	1,710,323

For 2021

	SI RoK National Bank - Fund's assets	SI Ministry of Health of the Republic of Kazakhstan	RoK National Bank	Total
1 January 2021	679,676	-	-	679,676
Provision of services	8,965,235	183,306	-	9,148,541
Purchase of services	-	-	(59,641)	(59,641)
Cash inflow	(8,973,529)	(183,306)	-	(9,156,835)
Cash outflow	-	-	59,641	59,641
31 December 2021	671,382	-	-	671,382

As at 31 December 2022 and 2021, the balances in settlements on principal activities between the Fund and related parties in the statement of financial position are as follows:

	31 December 2022	31 December 2021
Current trade and other receivables	1,710,323	671,382
Total	1,710,323	671,382

Key management personnel compensation

As at 31 December 2022 key management personnel consists of members of the Fund's Management Board with total headcount of 5 persons (31 December 2021: 5 persons). Total compensation to key management personnel included in general and administrative expenses in the statement of profit or loss amounted to 93,806 thousand Tenge for the year ended 31 December 2020 (2021: 152,922 thousand Tenge). Compensation to key management



personnel includes all payments, including salary, paid vacations and other employee benefits in accordance with internal regulations of the Fund.

22. COMMITMENTS AND CONTINGENCIES

Taxation

The Government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in its transition to a market economy. As a result, laws and regulations governing its operations continue to change rapidly. These changes are characterized by poor drafting, different interpretations and arbitrary application by the authorities. In particular, taxes are reviewed by several authorities who are legally entitled to impose fines and penalties. Frequent contradictions in legal interpretations in government and between companies and government agencies create uncertainty and conflicts. These facts create tax risks in Kazakhstan. A tax year remains open for review by the tax authorities during the three years; after the end of the period in which the tax base is determined, and the amount of taxes is accrued. Consequently, the Fund may be assessed additional tax liabilities as a result of tax audits. The Fund believes that it has adequately provided for tax liabilities based on its interpretations of applicable tax legislation.

Legal proceedings and claims

In the ordinary course of business, the Fund is subject to legal actions and lawsuits. The Fund assesses the probability of incurring of significant liabilities arising under specific circumstances and recognizes the corresponding provision in the financial statements only when it is probable that an outflow of resources will be necessary to settle the liability and the amount of the liability can be reliably measured. Management believes that it has made adequate provisions for legal claims (Note 12).

On 31 March 2023, the Fund was notified of the results of the audit conducted by the Supreme Audit Chamber of the Republic of Kazakhstan. The judgments of the Fund's management related to this issue are disclosed in Note 26.

Insurance

The Fund insures the civil liability of the employer, and if necessary, other activities in accordance with the requirements of the legislation of the Republic of Kazakhstan. The Fund independently bears the risk of loss with respect to the uninsured or partially insured assets and operations.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to various risks associated with financial instruments. Financial assets and liabilities are divided into categories in accordance with the accounting policy of the Fund. Main risks are market risk, credit risk and liquidity risk. The Fund's risk management is coordinated by Fund's management and is focused on providing short-term and medium-term cash flows in order to minimize exposure to volatility of the financial markets.

Management of long-term financial investments is aimed at generating fixed income. The most significant financial risks to which the Fund is exposed to are presented below. The main financial instruments of the Fund consist of cash, commission fee receivable and other accounts receivable, short-term trade payables and short-term lease receivables.

Information on the financial risks associated with assets transferred to trust management and the policy of managing these risks is presented in a separate statement.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Fund manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions, which are considered in activities' planning.

Currency risk

Currency risk is the risk that fair value or future cash flows for financial instrument will fluctuate due to the changes in foreign exchange rates.

As at 31 December 2020, 2019, the Fund's financial assets and liabilities are denominated in Tenge, so the Fund is not exposed to currency risk.



NJSC “SOCIAL HEALTH INSURANCE FUND”**Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)***Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows related to a financial instrument will fluctuate because of changes in market interest rates. In 2022 and 2021 there were no open positions with floating interest rates.

Liquidity risk

Liquidity risk is the risk that the Fund encounters difficulties when receiving cash to repay financial liabilities associated with financial instruments. Liquidity risk can arise from impossibility to immediately sell a financial asset at the value close to its fair value.

As at 31 December 2022 and 2021, all short-term trade payables and short-term lease payables are due within the period from 1 to 3 months, in accordance with the terms of contracts with suppliers and contractors.

Credit risk

Credit risk is a risk that one party of financial instrument will cause financial loss to other party due to failure to fulfill its contractual obligations.

The maximum exposure to credit risk is the carrying amount of financial assets, including cash and cash equivalents, and trade and other receivables.

The receipt of commission fee by the Fund is fixed by the legislation of the Republic of Kazakhstan. The amount of the commission fee is approved by the Government of the Republic of Kazakhstan.

As at 31 December 2022 and as at 31 December, 2021, trade and other receivables are not past due.

The Fund manages credit risk in relation to cash by monitoring independent ratings of financial institutions in which the Fund places cash.

The table below shows the bank's ratings and cash and cash equivalents balances on bank accounts:

	Rating		31 December 2022	31 December 2021
	31 December 2022	31 December 2021		
Forte Bank JSC	Ba2/stable (Moody's)	Ba2/stable (Moody's)	41,558	650,432
Halyk Saving Bank of Kazakhstan JSC	BB+/ stable (S&P)	BB+/ stable (S&P)	1,342,527	911,197
Bank CenterCredit JSC	B1/stable (Moody's)	B1/stable (Moody's)	8,997	499,032
SI Treasury Committee under the Ministry of Finance of the Republic of Kazakhstan (State task)	Not rated	Not rated	150,709	60,363
Total			1,543,791	2,121,024

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available active market exists for a large part of the Fund's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates the fair value due to due to the high liquidity of the repayment of these financial instruments.

The Fund classifies these financial assets within level 1 of the hierarchical structure of measurement methods to determine and disclose the fair value of financial instruments.



NJSC “SOCIAL HEALTH INSURANCE FUND”**Notes to the Financial Statements for the year ended 31 December 2022 (In thousands of Tenge)***Trade and other receivables, short-term trade and other payables*

The carrying amount of trade and other receivables, short-term trade and other payables approximates their fair value.

For accounts receivable and accounts payable with a maturity of less than twelve months the fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

The Fund classifies these financial assets and liabilities within level 3 of the hierarchical structure of the measurement methods for determining and disclosing the fair value of financial instruments.

25. CAPITAL MANAGEMENT

The Fund's capital includes share capital and retained earnings. The Fund's principal objective when managing capital risk is to sustain its creditworthiness and a normal level of capital adequacy for doing business of the Fund. The Fund manages its capital to ensure that it will be able to continue as a going concern through the optimization of the debt and equity balance.

The Fund does not accrue or pay dividends in accordance with Kazakhstani legislation.

Equity Ratio as at 31 December 2022 and as at 31 December 2021 is presented as follows:

	31 December 2022	31 December 2021
Equity	3,187,066	2,315,611
Assets	4,623,150	3,659,119
Equity Ratio	0.69	0.63

26. EVENTS AFTER THE REPORTING PERIOD

On 31 March 2023, the Ministry of Health of the Republic of Kazakhstan reported the Fund of the results of the audit conducted by the Supreme Audit Chamber of the Republic of Kazakhstan. In accordance with the instruction based on the results of this audit, the Ministry of Health of the Republic of Kazakhstan was instructed to reimburse to the budget of the Republic of Kazakhstan the overpaid amount under the GVFMC in the amount of 11 billion Tenge at the expense of the Fund's own funds by 3 April 2028, due to violations identified. However, amendments to the Law of the Republic of Kazakhstan No. 405-V “On compulsory social health insurance” dated 16 November 2015 became effective on 1 May 2023, according to which the commission fee of the Fund is not the subject of fulfillment of obligations for payment by the Fund for the provision of services under GVFMC and (or) in the system of compulsory social health insurance arising from the contract for the purchase of services, as well as overpaid liabilities within GVFMC. Taking into account the amendments to the legislation, the issue of the source of financing of the above liabilities is under approval at the date of endorsement of the financial statements. In this regard, the Fund's management decided to create no provision.

