Our. ref. No. 05-01/166 of July 26, 2024

INDEPENDENT AUDITOR'S REPORT

To the General Director of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" Olga A. Tarasevich

To the Chief Accountant of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" Tatyana F. Sopeleva

Opinion

We have audited the financial statements of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" (66-185 K. Liebknecht Str., 220036, Minsk, Republic of Belarus, registered by the Committee for Supervision of Insurance Activities under the Ministry of Finance of the Republic of Belarus dated 16 November 2006 in the Unified State Register of Legal Entities and Individual Entrepreneurs for No. 806000232), which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" as at 31 December 2023, as well as its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with the requirements of Law of the Republic of Belarus "On Auditing Activity", the National Rules on Auditing Activities effective in the Republic of Belarus and the International Standards on Auditing (ISAs). Our responsibilities under these requirements are further described in the section "Auditor's Responsibilities for the Audit of the Accounting Statements" of this Auditor's Report. We are independent of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" in accordance with the requirements of Law of the Republic of Belarus "On Auditing Activity", the National Rules on Auditing Activities and the International Code of Ethics for Professional Accountants adopted by the International Federation of Accountants, and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are matters that, according to our professional judgment, appeared the most significant for the audit of the financial statements for the current period. These matters were considered in the context of the audit of the financial statements as a whole and in forming our audit opinion on these statements, and we do not express a separate opinion on these matters.

1. Initial application of IFRS 17 "Insurance Contracts" (hereinafter – IFRS 17)

On 1 January 2023, the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" adopted IFRS 17, which replaced IFRS 4 "Insurance Contracts". The Republican Unitary Enterprise "Belarusian National Reinsurance Organization" applied IFRS 17 to direct insurance contracts and issued (accepted) reinsurance contracts, as well as reinsurance contracts held (hereinafter referred to as insurance contracts) retrospectively from 1 January 2022, using the transitional provisions described in Note 2 to the financial statements.

The comparative data for the year 2022 presented in these financial statements have been restated on the implementation of IFRS 17. With the transition to the new standard, as at 1 January 2022, equity decreased by 13,737 thousand BYN resulting from recalculation of liabilities and assets under insurance contracts in connection with methodological and valuation approaches prescribed by IFRS 17. The result of the transition to IFRS 17 is disclosed in Note 2 to these financial statements.

FBK-Bel Limited Liability Company
201-11-22A Logoisky highway | Minsk | 220090 | Republic of Belarus
Tel/fax +375 (17) 355 42 23 | E-mail fbk@fbk.by | www.fbk.by
TIN 690398039

We paid special attention to the matters of the initial application of the standard, as they related to the evaluation of liabilities and assets of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" under insurance contracts and the determination of contractual service margin (CSM), which required assessment the methodological solutions and assumptions used in the application of the standard, as well as the validity of the transitional approaches applied.

Accordingly, we have identified the initial application of IFRS 17 as a key audit matter.

We have performed the following audit procedures in relation to the key matter:

- assessment of the appropriateness of the accounting policy of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" disclosed in the notes to the financial statements, as well as transitional provisions related to the transition to IFRS 17 to determine their compliance with IFRS 17;

- analysis of the management's assessment of the approach to the transition and the methodological decisions taken, as well as the appropriateness of the calculations applied as part of the retrospective restatement;

- assessment of the correctness of insurance contracts classification, including the applicable assessment model, as well as an assessment of the insurance contracts grouping for compliance with IFRS 17;

- verification of the methodology and calculation of assets and liabilities for insurance contract portfolios including verification of the calculation of the risk adjustment for non-financial risk, contractual service margin (CSM) and the loss component by analyzing calculations used by the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" in implementing IFRS;

- verification of the reliability and completeness of the data used in the calculation of transitional balances;

- assessment of the adequacy of information disclosure on the initial application of IFRS 17, in particular, the adequacy of the reflection of accounting policies and assumptions used in the transition, as well as the financial impact on the date of transition.

The audit evidence obtained as a result of the audit procedures performed, including the above, is sufficient and appropriate to provide a basis for our opinion.

2. *Assessment of liabilities for portfolios of insurance contracts, issued (accepted) reinsurance contracts and assets for portfolios of retained (transferred) reinsurance contracts*

As at 31 December 2023, net liabilities for portfolios of insurance contracts and issued (accepted) reinsurance contracts amounted to 195,114 thousand BYN (Note 11), net assets for portfolios of retained (transferred) reinsurance contracts amounted to 37,657 thousand BYN (Note 12).

The assessment of liabilities under insurance contracts requires the use of significant judgments and the development of estimates, in particular with respect to assessment models and the calculation of the present value of future cash flows. These cash flows mainly include the determination of the expected receipts of insurance premiums, the expected final amounts of costs for the settlement of insurance claims and the distribution of acquisition cash flows in the time frame specified in the insurance contract.

The calculation of these liabilities involves the application of estimates and requires the involvement of valuation specialists to ensure the adequacy of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows.

In view of the above, we have identified the assessment of these liabilities as the key audit matter.

In relation to this key matter, we have performed the following audit procedures:

- gained an understanding and evaluated the processes, design and implementation of controls to determine the assessment of liabilities under insurance contracts;

- verified the completeness, as well as on a selective basis, the accuracy and relevance of the data used to determine future cash flows;

- assessed the appropriateness of the methodology, significant assumptions, including the procedure for calculating the risk adjustment for non-financial risk, the validity of applying a general approach and an approach to valuation based on premium allocation, the discount rate and expenses included in future related cash flows. Our assessment included consideration of the validity of the assumptions in comparison with actual historical experience and the appropriateness of any judgments applied;

- conducted an independent restatement of liabilities under insurance contracts to compare and assess the mathematical accuracy of the liabilities under insurance contracts calculated by the Republican Unitary Enterprise "Belarusian National Reinsurance Organization";

- assessed the adequacy of disclosure of information on insurance contracts in accordance with IFRS 17.

The audit evidence obtained as a result of the audit procedures performed, including the above, is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The audit of the financial statements of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" for the year ended 31 December 2022 was conducted by another audit organization, which in the audit opinion dated 31 March 2023 expressed the auditor's opinion that these financial statements reliably reflect the financial position of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" as at 31 December 2022, the financial results of its operations and changes in its financial position, including cash flows for the year ended on the specified date, in accordance with IFRS.

Responsibilities of the Audited Entity for the preparation of Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as the 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, the Management is responsible for assessing the ability of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Republican Unitary Enterprise "Belarusian National Reinsurance Organization" or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Republican Unitary Enterprise's "Belarusian National Reinsurance Organization" financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion expressed in the prescribed form. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the National Rules on Auditing Activities effective in the Republic of Belarus and the International Standards on Auditing and 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 conducted in accordance with the requirements of Law of the Republic of Belarus "On Auditing Activity", the National Rules on Auditing Activities effective in the Republic of Belarus and the International Standards on Auditing (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, as a rule, specific measures aimed at hiding it;

- 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 internal control of the Republican Unitary Enterprise "Belarusian National Reinsurance Organization";

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management;

- Conclude on the appropriateness of the 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 Republican Unitary Enterprise's "Belarusian National Reinsurance Organization" 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 Republican Unitary Enterprise "Belarusian National Reinsurance Organization" to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We are also required to provide those responsible for corporate governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters and disclose them in our audit report except in cases when disclosures are prohibited by law or when we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Engagement Partner,
Deputy Director of FBK-Bel LLC
(Order No. 6-1/OD of15 January 2021)



Alexey G. Petuh
(auditor's qualification certificate No.0000099)

Auditor in-charge,
Lead Auditor



Elena E. Shilets
(auditor's qualification certificate No.0002484)

Auditing organization:

FBK-Bel LLC;

office 201-11, 22A Logoisky highway, Minsk, 220090, Republic of Belarus;

Information on state registration: registered by the Minsk City Executive Committee in the Unified State Register of Legal Entities and Individual Entrepreneurs on 6 February 2009 under No. 690398039.

Date of signing the auditor's report is 26 July 2024.

Independent auditor's report received on 26 July 2024.

Position, Full name General Volha [illegible] Signature

