

PASHA Insurance OJSC

Interim condensed financial statements

30 June 2022

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Report on Review of Interim Financial Information

Interim condensed financial statements

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Report on Review of Interim Financial Information

To the Shareholder and Board of Directors of PASHA Insurance OJSC

Introduction

We have reviewed the accompanying interim condensed financial statements of PASHA Insurance OJSC, which comprise the interim condensed statement of financial position as at 30 June 2022 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young Holdings (CIS) B.V.

6 September 2022

Baku, Azerbaijan

Interim condensed statement of financial position**As at 30 June 2022***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	Notes	30 June 2022 (unaudited)	31 December 2021
Assets			
Cash and cash equivalents	3	9,465	6,336
Investment securities	4	103,899	100,506
Amounts due from credit institutions	5	53,896	46,204
Insurance receivables	6	21,149	18,608
Deferred expenses		3,968	4,329
Reinsurance assets	7	25,883	21,206
Deferred income tax assets		1,653	945
Property, equipment and intangible assets		3,781	4,026
Right-of-use assets		2,560	2,927
Other assets		5,577	7,574
Total assets		231,831	212,661
Liabilities			
Insurance contract liabilities	7	130,635	90,941
Insurance payables	8	17,160	19,032
Borrowings		3	566
Deferred revenue		1,248	1,805
Current income tax liabilities		1,196	804
Lease liabilities		3,013	3,362
Other liabilities		9,776	10,605
Total liabilities		163,031	127,115
Equity			
Share capital	10	50,000	50,000
Retained earnings	10	20,547	31,444
Net unrealized gains on investment securities		(1,747)	4,102
Total equity		68,800	85,546
Total liabilities and equity		231,831	212,661

Signed and authorized for release on behalf of the Management Board of the Company:




Tural Aliyev
Deputy Chief Executive Officer,
Member of the Management Board



Inara Mirhasanova
Chief Financial Officer,
Member of the Management Board

6 September 2022

The accompanying notes on pages 5 to 20 are an integral part of these interim condensed financial statements.

(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June (unaudited)	
		2022	2021
Gross written premiums		110,650	104,344
Premiums ceded to reinsurers		(11,597)	(15,927)
Net written premiums		99,053	88,417
Change in provision for unearned premiums, net of reinsurance		(31,407)	(29,088)
Premiums earned, net of reinsurance		67,646	59,329
Claims incurred, net of reinsurance		(38,584)	(31,459)
Fees and commission expense, net		(367)	(257)
Insurance activity results	12	28,695	27,613
Personnel expenses	13	(10,136)	(8,297)
General and administrative expenses	14	(7,026)	(5,311)
Marketing and advertisement expenses		(413)	(575)
Depreciation and amortization expenses		(1,027)	(1,080)
Operating expenses		(18,602)	(15,263)
Investment income	15	7,320	7,194
Interest expense		(173)	(253)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income		259	-
Impairment reversal/(loss), net	4, 5, 6	279	(184)
Foreign exchanges gain, net		29	28
Other income, net		354	382
Profit before income tax		18,161	19,517
Income tax expense	9	(4,424)	(4,267)
Profit for the year		13,737	15,250
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of debt instruments at fair value through other comprehensive income		(411)	(46)
Reclassification of cumulative gain/(loss) on disposal of debt instruments at fair value through other comprehensive income to profit or loss		(259)	-
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	4	(205)	-
Income tax relating to components of other comprehensive income		175	9
Net other comprehensive loss to be classified to profit or loss in subsequent periods		(700)	(37)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of equity instruments at fair value through other comprehensive income	17	(6,436)	374
Income tax relating to components of other comprehensive income		1,287	(75)
Net other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods		(5,149)	299
Other comprehensive (loss)/income, net of tax		(5,849)	262
Total comprehensive income for the period		7,888	15,512

The accompanying notes on pages 5 to 21 are an integral part of these interim condensed financial statements.

(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Notes	Share capital	Retained earnings	Net unrealized gains/ (losses) on investment securities	Total equity
As at 1 January 2021		50,000	30,317	1,587	81,904
Dividends to shareholder	10	-	(26,655)	-	(26,655)
Total comprehensive income for the period		-	15,250	262	15,512
As at 30 June 2021 (unaudited)		50,000	18,912	1,849	70,761
As at 1 January 2022		50,000	31,444	4,102	85,546
Dividends to shareholder	10	-	(24,634)	-	(24,634)
Total comprehensive income for the period		-	13,737	(5,849)	7,888
As at 30 June 2022 (unaudited)		50,000	20,547	(1,747)	68,800

The accompanying notes on pages 5 to 21 are an integral part of these interim condensed financial statements.

(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June (unaudited)	
		2022	2021
Cash flows from operating activities			
Insurance premiums received		95,354	93,615
Reinsurance premiums paid		(1,154)	(20,622)
Claims paid		(33,078)	(31,310)
Claims received, reinsurers' share of claims paid		190	1,557
Fees and commissions paid, net		(155)	(1,589)
Personnel expenses paid		(10,428)	(9,998)
General and administrative expenses paid		(7,714)	(6,331)
Marketing and advertising expenses paid		(397)	(365)
Subrogation income received		909	205
Net cash flows from operating activities before income tax		43,527	25,162
Income tax paid		(2,741)	(3,598)
Net cash from operating activities		40,786	21,564
Cash flows from investing activities			
Investment income received		4,036	3,348
Purchase of investment securities		(27,649)	(22,048)
Proceeds from sale and redemption of investment securities		17,288	23,724
Dividend income received		2,700	2,700
Amounts placed at credit institutions		(39,709)	(12,352)
Amounts repaid by credit institutions		31,815	6,851
Purchase of property, equipment and intangible assets		(417)	(726)
Proceeds from sale of property, equipment and intangible assets		-	5
Net cash (used in)/from investing activities		(11,936)	1,502
Cash flows from financing activities			
Dividends paid	10	(24,634)	(24,260)
Sale and repurchase operations		(563)	(2,980)
Lease payment		(514)	(514)
Net cash used in financing activities		(25,711)	(27,754)
Effect of exchange rates changes on cash and cash equivalents		(10)	(58)
Net increase/(decrease) in cash and cash equivalents		3,129	(4,746)
Cash and cash equivalents, beginning	3	6,336	9,221
Cash and cash equivalents, ending	3	9,465	4,475

Non-cash transactions performed by the Company comprise the following:

	Notes	2022	2021
Cash flows from operating activities			
Gross written premiums and premiums ceded to reinsurers on fronting contracts		564	2,564
Cash flows from investing activities			
Purchase of investment securities through sale and repurchase operations		-	(4,500)
Cash flows from financing activities			
Amounts borrowed through sale and repurchase operations		-	4,500
Withholding tax on interest income		656	681

The accompanying notes on pages 5 to 21 are an integral part of these interim condensed financial statements.