

PASHA Insurance OJSC

Interim condensed financial statements

30 June 2021

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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 2021 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.

8 September 2021

Baku, Azerbaijan

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**As at 30 June 2019/21**

		30 June 2021 (unaudited)	31 December 2020
	Notes		
Assets			
Cash and cash equivalents	3	4,475	9,221
Investment securities	4	104,982	101,547
Amounts due from credit institutions	5	36,180	30,534
Insurance receivables	6	30,933	25,743
Deferred expenses		3,887	3,449
Reinsurance assets	7	21,524	24,512
Deferred income tax assets		553	2,527
Property, equipment and intangible assets		4,701	4,693
Right-of-use assets		3,291	3,658
Other assets		17,122	15,610
Total assets		227,648	221,494
Liabilities			
Insurance contract liabilities	7	120,527	91,655
Insurance payables	8	19,532	24,852
Borrowings		1,528	–
Deferred revenue		1,569	2,629
Current income tax liabilities		993	2,730
Lease liabilities		3,694	4,009
Other liabilities		9,044	13,715
Total liabilities		156,887	139,590
Equity			
Share capital	10	50,000	50,000
Retained earnings	10	18,912	30,317
Net unrealized gains on investment securities		1,849	1,587
Total equity		70,761	81,904
Total liabilities and equity		227,648	221,494

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





Ulviyya Jabbarova
 Chief Executive Officer,
 Chairman of the Management Board

Ulviyya Abbasova
 Chief Financial Officer,
 Member of the Management Board

8 September 2021

The accompanying notes on pages 5 to 22 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 2021**

	Notes	For the six months ended 30 June (unaudited)	
		2021	2020
Gross written premiums		104,344	99,814
Premiums ceded to reinsurers		(15,927)	(13,485)
Net written premiums		88,417	86,329
Change in provision for unearned premiums, net of reinsurance		(29,088)	(27,198)
Premiums earned, net of reinsurance		59,329	59,131
Claims incurred, net of reinsurance		(31,459)	(27,291)
Fees and commission expense, net		(257)	(286)
Insurance activity results	12	27,613	31,554
Personnel expenses	13	(8,297)	(7,237)
General and administrative expenses	14	(5,311)	(5,023)
Marketing and advertisement expenses		(575)	(488)
Depreciation and amortization expenses		(1,080)	(822)
Operating expenses		(15,263)	(13,570)
Investment income	15	7,194	5,335
Interest expense		(253)	(400)
Impairment loss, net	4, 5, 6	(184)	(21)
Foreign exchanges gain/(loss), net		28	(85)
Other income, net		382	135
Profit before income tax		19,517	22,948
Income tax expense	9	(4,267)	(4,949)
Profit for the year		15,250	17,999
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		(46)	(2,026)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	4	—	21
Tax effects of losses on investment securities		9	401
Net other comprehensive loss to be classified to profit or loss in subsequent periods		(37)	(1,604)
<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	374	(3,825)
Tax effects of gains/(losses) on investment securities		(75)	765
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		299	(3,060)
Other comprehensive income/(loss), net of tax		262	(4,664)
Total comprehensive income for the period		15,512	13,335

The accompanying notes on pages 5 to 22 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 2021

	Notes	Share capital	Retained earnings	Net unrealized gains/ (losses) on investment securities	Total equity
As at 1 January 2020		50,000	30,673	1,962	82,635
Dividends to shareholder	10	–	(28,584)	–	(28,584)
Total comprehensive income for the period		–	17,999	(4,664)	13,335
As at 30 June 2020 (unaudited)		50,000	20,088	(2,702)	67,386
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

The accompanying notes on pages 5 to 22 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)	
		2021	2020
Cash flows from operating activities			
Insurance premiums received		93,615	85,511
Reinsurance premiums paid		(20,622)	(7,812)
Claims paid		(31,310)	(29,076)
Claims received, reinsurers' share of claims paid		1,557	93
Fees and commissions paid, net		(1,589)	(852)
Personnel expenses paid		(9,998)	(7,416)
General and administrative expenses paid		(6,331)	(4,926)
Marketing and advertising expenses paid		(365)	(266)
Subrogation income received		205	551
Net cash flows from operating activities before income tax		25,162	35,807
Income tax paid		(3,598)	(6,517)
Net cash from operating activities		21,564	29,290
Cash flows from investing activities			
Investment income received		3,348	3,919
Purchase of investment securities		(22,048)	(32,771)
Proceeds from sale and redemption of investment securities		23,724	23,679
Return of investment in equity securities		–	2,327
Dividend income received		2,700	373
Amounts placed at credit institutions		(12,352)	(15,500)
Amounts repaid by credit institutions		6,851	18,102
Amounts borrowed from credit institutions		1,520	–
Purchase of property, equipment and intangible assets		(726)	(1,553)
Proceeds from sale of property, equipment and intangible assets		5	–
Net cash from / (used in) investing activities		3,022	(1,424)
Cash flows from financing activities			
Dividends paid, net of tax	10	(24,260)	(25,726)
Sale and repurchase operations		(4,500)	(4,020)
Lease payment		(514)	(514)
Net cash used in financing activities		(29,274)	(30,260)
Effect of exchange rates changes on cash and cash equivalents		(58)	(25)
Net decrease in cash and cash equivalents		(4,746)	(2,419)
Cash and cash equivalents, beginning	3	9,221	11,571
Cash and cash equivalents, ending	3	4,475	9,152

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

	Notes	2021	2020
Cash flows from operating activities			
Gross written premiums and premiums ceded to reinsurers on fronting contracts		2,564	1,579
Cash flows from investing activities			
Purchase of investment securities through sale and repurchase operations		(4,500)	(9,060)
Cash flows from financing activities			
Amounts borrowed through sale and repurchase operations		4,500	9,060
Withholding tax on interest and dividend income		681	811

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